1040/Sch.A-F+SE/inst./990

WANT YOUR REFUND FAST? SEE PAGE 4

# Instructions for Form 1040

and Schedules A, B, C, D, E, F and SE

# 1990

Department of the Treasury
Internal Revenue Service

## What's inside?


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What's new for 1990 (page 5)
Free tax help (page 5)
Avoid common mistakes (page 25)
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Note:

*This booklet does not contain any tax forms.*

READEX FICHE best copy available

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DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

COMMISSIONER

Dear Taxpayer,

Last year was one of the best filing seasons on record. Thank you for your help in making it a success. Our tax system works because taxpayers are willing to do their part.

At IRS our challenge for the 90's is to make the tax system work better for you. That means making tax forms easier, simplifying our procedures, and modernizing our systems. It means sending you correspondence only when necessary and making sure you can conclude your business with the IRS in a single contact, preferably by telephone.

We're working to improve, and we promise to continue our efforts to give you the quality of service you have a right to demand from your government. Please let us know if you have any ideas that will help us achieve that goal.

Fred T. Goldberg, Jr.

## Privacy Act and Paperwork Reduction Act Notice

The Privacy Act of 1974 and Paperwork Reduction Act of 1980 say that when we ask you for information, we must first tell you several things: our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

This notice applies to tax returns and any papers filed with them. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

Our legal right to ask for information is Internal Revenue Code sections 6001, 6011, and 6012(a) and their regulations. They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections. This is so we know who you are, and can process your return and papers.

You must fill in all parts of the tax form that apply to you. Code section 6109 and its regulations say that you must show your social security number on what you file. You do not have to check the boxes for the Presidential Election Campaign Fund.

We ask for tax return information to carry out the tax laws of the United States. We need it to figure and collect the right amount of tax.

We may give the information to the Department of Justice and to other Federal agencies, as provided by law. We may also give it to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws. And we may give it to foreign governments because of tax treaties they have with the United States.

If you do not file a return, do not provide the information we ask for, or provide fraudulent information, the law says that you may be charged penalties and, in certain cases, you may be subject to criminal prosecution. We may also have to disallow the exemptions, exclusions, credits, deductions, or adjustments shown on the tax return. This could make the tax higher or delay any refund. Interest may also be charged.

Please keep this notice with your records. It may help you if we ask you for other information. If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.

### The Time It Takes To Prepare Your Return

We try to create forms and instructions that are accurate and can be easily understood. Often this is difficult to do because some of the tax laws enacted by Congress are very complex. For some taxpayers with income mostly from wages, filling out the forms is easy. For others who have businesses, pensions, stocks, rental income or other investments, it is more difficult.

The time needed to complete and file the following forms will vary depending on individual circumstances. The estimated average times are:

| Form | Recordkeeping | Learning about the law or the form | Preparing the form | Copying, assembling, and sending the form to IRS |
|---|---|---|---|---|
| 1040 | 3 hrs., 8 min. | 2 hrs., 33 min. | 3 hrs., 17 min. | 35 min. |
| Sch. A (1040) | 2 hrs., 32 min. | 25 min. | 56 min. | 20 min. |
| Sch. B (1040) | 33 min. | 10 min. | 17 min. | 20 min. |
| Sch. C (1040) | 6 hrs., 13 min. | 1 hr., 5 min. | 1 hr., 56 min. | 25 min. |
| Sch. D (1040) | 51 min. | 56 min. | 56 min. | 35 min. |
| Sch. D-1 (1040) | 13 min. | 1 min. | 13 min. | 35 min. |
| Sch. E (1040) | 2 hrs., 52 min. | 1 hr., 6 min. | 1 hr., 16 min. | 35 min. |
| Sch. F (1040): | | | | |
| Cash Method | 4 hrs., 2 min. | 34 min. | 1 hr., 17 min. | 20 min. |
| Accrual Method | 4 hrs., 22 min. | 26 min. | 1 hr., 19 min. | 20 min. |
| Sch. R (1040) | 20 min. | 15 min. | 21 min. | 35 min. |
| Sch. SE (1040): | | | | |
| Short | 20 min. | 12 min. | 14 min. | 14 min. |
| Long | 26 min. | 22 min. | 40 min. | 20 min. |

### We Welcome Comments on Forms

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service,** Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget,** Paperwork Reduction Project (1545-0074), Washington, DC 20503.

**DO NOT** send your return to either of these offices. Instead, see **Where Should I File?** on page 8.

## Fast Refund

Last year over 4 million people filed their tax returns electronically by computer. If you expect a refund for 1990, you may want to file electronically instead of mailing your return to the IRS. Once IRS has accepted your return, your refund will be issued within 3 weeks. If you elect to have your refund deposited directly into your savings or checking account, you could receive your money even faster. For a charge, many professional tax preparers offer electronic filing in addition to their preparation services.

Even if you prepare your own return, a preparer or transmitter in your area can file your return electronically for you. For more information on electronic filing, see **Tele-Tax Information** in the index (topic no. 112).

## How Do I Use This Booklet?

This booklet is divided into six main sections.

**Section 1** tells you what you need to know before you fill out Form 1040.

**Section 2** explains the filing requirements.

**Section 3** has steps for preparing your return.

**Section 4** has instructions for most of the lines on Form 1040.

**Section 5** has general information.

**Section 6** has instructions for most of the lines on many of the schedules that may have to be attached to Form 1040.

# Section 1—Before You Fill Out Form 1040

## What's New for 1990?

**Can You File Form 1040A?** If you had to file Form 1040 last year because you received a pension or annuity, payments from your IRA, or taxable social security benefits, you may be able to file Form 1040A this year instead of Form 1040. For more details, see **Which Form Should I Use?** on page 7.

**Increased Deduction for Exemptions.** The deduction for each exemption—for you, your spouse, and dependents—has increased to $2,050.

**Should You Itemize or Take the Standard Deduction?** The standard deduction has increased for most people. Because of this increase, it may be to your benefit to take the standard deduction this year even though you itemized deductions in the past. Read the instructions for line 34 on page 20.

**Increased Earned Income Credit.** You may be able to take this credit for 1990 if you earned less than $20,264 and a child lived with you. The limit was $19,340 last year. Read the instructions for line 57 on page 23 to see if you can take this credit.

**Exclusion of Interest From Series EE U.S. Savings Bonds.** If you cashed series EE U.S. savings bonds in 1990 that were issued after 1989, you may be able to exclude from income part or all of the interest on those bonds. But you must have paid higher education expenses in 1990 for you, your spouse, or your dependent. For more details, see the instructions for Schedule B on page 31 and **Form 8815**, Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989.

**Deduction for One-Half of Self-Employment Tax.** If you have to pay self-employment tax, you may deduct one-half of that tax in figuring your adjusted gross income. Read the instructions for line 25 on page 18.

**Additional Information.** If you want more information about tax law changes for 1990, get **Pub. 553,** Highlights of 1990 Tax Changes. You may also find the publications listed at the end of this booklet helpful in completing your return.

**New IRS Toll-Free Numbers.** Our toll-free "800 numbers" for Tele-Tax information, tax forms and publications orders, and telephone assistance have changed. To find the pages that contain these numbers, see **Telephone Assistance—Federal Tax Information** in the index.

## What Free Tax Help is Available?

**Tax Forms and Publications.** Most of your tax questions can be answered by reading the tax form instructions or one of our many free tax publications.

**Recorded Tax Information by Telephone.** Our **Tele-Tax** service has recorded tax information covering about 140 topics.

**Refund Information.** Tele-Tax can also tell you the status of your refund.

**Telephone Help.** IRS representatives are available to help you with your tax questions. If, after reading the tax form instructions and publications, you are not sure how to fill out your return, or have a question about a notice you received from us, please call us. Use the toll-free number for your area.

**Send IRS Written Questions.** You may send your written tax questions to your IRS District Director. If you don't have the address, you can get it by calling the number for your area.

***To find the toll-free number for your area and the pages that contain Tele-Tax Information, see "Telephone Assistance—Federal Tax Information" in the Index.***

**Walk-In Help.** IRS representatives are available in many IRS offices around the country to help with tax questions that cannot be answered easily by telephone or in our publications. To find the location of the IRS office nearest you, look in the phone book under "United States Government, Internal Revenue Service."

**Volunteer Income Tax Assistance (VITA)** and **Tax Counseling for the Elderly (TCE).** These programs help older, disabled, and non-English-speaking people fill out their returns. Call the toll-free telephone number for your area for details. If you received a Federal income tax package in the mail, take it with you when you go for help.

**Videotaped Instructions** for completing your return are available in either English or Spanish at many libraries.

**Telephone Service for Hearing Impaired Persons** is available. **Braille Materials for the Blind** are available at regional libraries for the blind and the disabled.

**Unresolved Tax Problems.** The **Problem Resolution Program** is for taxpayers who have been unable to resolve their problems with the IRS. If you have a tax problem you cannot clear up through normal channels, write to your local IRS District Director or call your local IRS office and ask for Problem Resolution assistance. Hearing impaired taxpayers who have access to TDD equipment may call 1-800-829-4059 to ask for help from Problem Resolution. This office cannot change the tax law or technical decisions. But it can help you clear up problems that resulted from previous contacts.

**Free Social Security Personal Earnings and Benefit Estimate Statement.** The Social Security Administration (SSA) can mail you a statement of your earnings covered by Social Security and your estimated future benefits. To get this statement, complete a simple form and return it to SSA. You may get a request form by writing to **Consumer Information Center,** Department 72, Pueblo, CO 81009.

## Section 2—Filing Requirements

The rules under **Do I Have To File?** apply to all U. S. citizens and resident aliens. They also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 1990 and who have elected to be treated as resident aliens.

**Exception.** If you were a U.S. citizen who lived in a U.S. possession or had income from a U.S. possession, different rules apply. Get **Pub. 570,** Tax Guide for Individuals With Income From U.S Possessions.

If you were a nonresident alien at any time during 1990, except as mentioned above, different rules apply. You may have to file **Form 1040NR,** U.S. Nonresident Alien Income Tax Return. Specific rules apply to determine if you are a resident or nonresident. Get **Pub. 519,** U.S. Tax Guide for Aliens, for details.

### Do I Have To File?

Use **Chart A** below to see if you must file a return. But you must use **Chart B** on page 7 if your parent (or someone else) can claim you as a dependent on his or her return. Also see **Chart C** on page 7 for other situations when you must file.

***Note:*** *Even if you do not have to file a return, you should file one to get a refund of any Federal income tax withheld. You should also file if you can take the earned income credit. If you file for either of these reasons only, you may be able to use Form 1040A. If you are single and file only to get a refund of tax withheld, you may be able to use Form 1040EZ.*

**Exception for Children Under Age 14.** If your child was under age 14 on January 1, 1991, and **ALL THREE** of the following apply, you may elect to report your child's income on your return. If you make this election, your child does not have to file a return.

1. Your child had income only from interest and dividends (including Alaska Permanent Fund dividends); and

2. Your child's gross income was more than $500 but less than $5,000; and

3. Your child had no Federal income tax withheld from his or her income (backup withholding) or did not make estimated tax payments for 1990.

If you and the child's other parent are not filing a joint return, special rules apply to determine which parent may make the election. Get **Form 8814,** Parent's Election To Report Child's Interest and Dividends, for details.

### Chart A—For Most People

To use this chart, first find your marital status at the end of 1990. Then, read across to find your filing status and age at the end of 1990. You must file a return if your **gross income** was at least the amount shown in the last column. **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your main home. See pages 11 and 12 to find out what types of income to include.

| Marital status | Filing status | Age | Gross income |
|---|---|---|---|
| Single (including divorced and legally separated) | Single | under 65 | $5,300 |
| | | 65 or older | $6,100 |
| | Head of household | under 65 | $6,800 |
| | | 65 or older | $7,600 |
| Married with a child and living apart from your spouse during the last 6 months of 1990 | Head of household (see page 10) | under 65 | $6,800 |
| | | 65 or older | $7,600 |
| Married and living with your spouse at end of 1990 (or on the date your spouse died) | Married, joint return | under 65 (both spouses) | $9,550 |
| | | 65 or older (one spouse) | $10,200 |
| | | 65 or older (both spouses) | $10,850 |
| | Married, separate return | any age | $2,050 |
| Married, not living with your spouse at end of 1990 (or on the date your spouse died) | Married, joint or separate return | any age | $2,050 |
| Widowed before 1990 and not remarried in 1990 | Single | under 65 | $5,300 |
| | | 65 or older | $6,100 |
| | Head of household | under 65 | $6,800 |
| | | 65 or older | $7,600 |
| | Qualifying widow(er) with dependent child (see page 10) | under 65 | $7,500 |
| | | 65 or older | $8,150 |

## Chart B—For Children and Other Dependents

(See the instructions for line 6c on page 10 to find out if someone can claim you as a dependent.)

If your parent (or someone else) can claim you as a dependent, and any of the four conditions listed below applies to you, you must file a return.

In this chart, **unearned income** includes taxable interest and dividends. **Earned income** includes wages, tips, and taxable scholarships and fellowships.

**1. Single dependents under 65**

You must file a return if—

| Your unearned income was: | and | the total of that income plus your earned income was: |
|---|---|---|
| $1 or more | | more than $500 |
| $0 | | more than $3,250 |

**2. Single dependents 65 or older or blind**

You must file a return if—

- Your earned income was more than $4,050, or
- Your unearned income was more than $1,300 ($2,100 if 65 or older **and** blind), or
- Your gross income was more than the total of your earned income (up to $3,250) or $500, whichever is larger, plus $800 ($1,600 if 65 or older **and** blind).

**3. Married dependents under 65**

You must file a return if—

- Your earned income was more than $2,725, or
- You had any unearned income and your gross income was more than $500, or
- Your gross income was at least $5 and your spouse files a separate return on Form 1040 and itemizes deductions.

**4. Married dependents 65 or older or blind**

You must file a return if—

- Your earned income was more than $3,375, or
- Your unearned income was more than $1,150 ($1,800 if 65 or older **and** blind), or
- Your gross income was more than the total of your earned income (up to $2,725) or $500, whichever is larger, plus $650 ($1,300 if 65 or older **and** blind), or
- Your gross income was at least $5 and your spouse files a separate return on Form 1040 and itemizes deductions.

## Chart C—Other Situations When You Must File

If any of the four conditions listed below applied to you for 1990, you must file a return.

1. You owe any special taxes, such as:
   - social security tax on tips you did not report to your employer;
   - uncollected social security tax or RRTA tax on tips you reported to your employer;
   - alternative minimum tax;
   - tax on an individual retirement arrangement (IRA) or a qualified retirement plan; or
   - tax from recapture of investment credit or low-income housing credit.
2. You received any advance earned income credit (AEIC) payments from your employer(s).
3. You had net earnings from self-employment of at least $400.
4. You had wages of $100 or more from a church or qualified church-controlled organization that is exempt from employer social security taxes.

## Which Form Should I Use?

### You MAY Be Able To Use Form 1040EZ If:

- You were single and do not claim any dependents.
- You were not 65 or older OR blind.
- You had **only** wages, salaries, tips, taxable scholarships and fellowships, and not more than $400 of taxable interest income.
- Your taxable income is less than $50,000.
- You do not itemize deductions or claim any adjustments to income or tax credits.

### You MAY Be Able To Use Form 1040A If:

- You had income **only** from wages, salaries, tips, taxable scholarships and fellowships, pensions or annuities, taxable social security benefits, payments from your individual retirement account (IRA), unemployment compensation, interest, or dividends.
- Your taxable income is less than $50,000.
- You do not itemize deductions.

You can also use Form 1040A to claim the deduction for certain contributions to an IRA, nondeductible contributions to an IRA, the credit for child and dependent care expenses, and the credit for the elderly or the disabled. You may use it even if you made estimated tax payments for 1990 or if you can take the exclusion of interest from series EE U.S. savings bonds issued after 1989.

Since Forms 1040A and 1040EZ are easier to complete than Form 1040, you should use one of them unless using Form 1040 lets you pay less tax. However, you must file Form 1040 if any of the following situations applies to you.

### You MUST Use Form 1040 If:

- Your taxable income is $50,000 or more.
- You itemize deductions. (Read the instructions for line 34 on page 20 to see if it would benefit you to itemize.)
- You received or paid accrued interest on securities transferred between interest payment dates.
- You received any nontaxable dividends, capital gain distributions, or Alaska Permanent Fund dividends.
- You are required to fill in Part III of Schedule B for foreign accounts and foreign trusts (see page 31 of the instructions).
- You had any of the kinds of income shown on Form 1040, lines 10 through 15, 18, 19, and 22, such as taxable refunds of state and local income taxes.
- You take any of the adjustments to income shown on Form 1040, lines 25 through 29, or any write-in amount included on line 30.
- You claim any of the credits on Form 1040, lines 43 through 45, or any write-in amount included on line 46.
- You owe any of the taxes on Form 1040, lines 39, 48 through 52, or any write-in amount included on line 54.
- You claim any of the payments on Form 1040, lines 60 or 61, or any write-in amount included on line 61 or 62.
- You file any of these forms:

**Form 2555,** Foreign Earned Income.

**Form 4563,** Exclusion of Income for Bona Fide Residents of American Samoa.

**Form 8271,** Investor Reporting of Tax Shelter Registration Number.

**Form 8814,** Parent's Election To Report Child's Interest and Dividends.

## When Should I File?

You should file as soon as you can after January 1, but not later than April 15, 1991.

If you file late, you may have to pay penalties and interest. See **Penalties and Interest** on page 25.

If you know that you cannot file your return by the due date, you should file **Form 4868,** Application for Automatic Extension of Time To File U.S. Individual Income Tax Return, by April 15, 1991.

***Caution:*** *Form 4868 does not extend the time to pay your income tax. See the Instructions for Form 4868.*

If you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file if, on the due date of your return, you meet one of the following conditions:

- You live outside the U.S. and Puerto Rico, AND your main place of business or post of duty is outside the U.S. and Puerto Rico.
- You are in military or naval service on duty outside the U.S. and Puerto Rico.

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must attach a statement to your return showing that you meet the requirements.

## Where Should I File?

If an addressed envelope came with your return, please use it. If you did not receive an envelope, or if you moved during the year, mail your return to the **Internal Revenue Service Center** for the place where you live. No street address is needed. Envelopes with insufficient postage will be returned by the post office.

| If you live in: ▼ | Use this address: ▼ |
|---|---|
| Florida, Georgia, South Carolina | Atlanta, GA 39901 |
| New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester) | Holtsville, NY 00501 |
| New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont | Andover, MA 05501 |
| Illinois, Iowa, Minnesota, Missouri, Wisconsin | Kansas City, MO 64999 |
| Delaware, District of Columbia, Maryland, Pennsylvania, Virginia | Philadelphia, PA 19255 |
| Indiana, Kentucky, Michigan, Ohio, West Virginia | Cincinnati, OH 45999 |
| Kansas, New Mexico, Oklahoma, Texas | Austin, TX 73301 |
| Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming | Ogden, UT 84201 |
| California (all other counties), Hawaii | Fresno, CA 93888 |
| Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee | Memphis, TN 37501 |
| American Samoa | Philadelphia, PA 19255 |
| Guam | Commissioner of Revenue and Taxation 855 West Marine Dr. Agana, GU 96910 |
| Puerto Rico (or if excluding income under section 933) Virgin Islands: Nonpermanent residents | Philadelphia, PA 19255 |
| Virgin Islands: Permanent residents | V. I. Bureau of Internal Revenue Lockharts Garden No. 1 A Charlotte Amalie, St. Thomas, VI 00802 |
| Foreign country: U.S. citizens and those filing Form 2555 or Form 4563 | Philadelphia, PA 19255 |
| All A.P.O. and F.P.O addresses | Philadelphia, PA 19255 |

# Section 3— Steps for Preparing Form 1040

Follow the six useful steps below to help you prepare your return. If you follow these steps and read the line-by-line instructions, we feel that you can fill in your return quickly and accurately.

## Step 1— Get all of your records together.

**Income Records.** These include any **Forms W-2, W-2G, W-2P,** and **1099** that you may have. If you don't get a Form W-2 by January 31, 1991, or if the one you get isn't correct, please contact your employer as soon as possible. Only your employer can give you a Form W-2 or correct it. If you cannot get a Form W-2 by February 15, call the toll-free telephone number listed in the instructions for your area. You will be asked for your employer's name, address, and if known, identification number.

**Itemized Deductions and Tax Credits.** Pages 21 through 30 of these instructions tell you what credits and itemized deductions you can take. Some of the records you may need are:

- Medical and dental payment records.
- Real estate and personal property tax receipts.
- Interest payment records for items such as a home mortgage, car, or appliances.
- Records of payments for child care so you could work.

## Step 2— Get any forms, schedules, or publications you need.

In general, we mail forms and schedules to you based on what you filed last year. Before you fill in your return, look it over to see if you need more forms or schedules.

If you think you will need any other forms, get them before you start to fill in your return. Most IRS offices and many local banks, post offices, and libraries may have some of them. Or, you can use the order blank on the next to the last page of this instruction booklet. We will send you the forms, schedules, instructions, and publications you ask for.

## Step 3— Fill in your return.

The line-by-line instructions begin below.

## Step 4— Check your return to make sure it is correct.

See **Avoid Common Mistakes** on page 25.

## Step 5—Sign and date your return.

Form 1040 is not considered a valid return unless you sign it. Your spouse must also sign if it is a joint return.

## Step 6— Attach all required forms and schedules.

Attach the first copy or Copy B of Forms W-2, W-2G, and W-2P to the front of Form 1040.

Attach all other schedules and forms behind Form 1040 in order of the "Attachment Sequence No." shown in the upper right corner of the schedule or form. For example, the "Attachment Sequence No." for Schedule A (Form 1040) is 07. Attach forms without an attachment sequence number at the end of your return.

If you need more space on forms or schedules, attach separate sheets. Use the same format as the printed forms, but show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Be sure to put your name and social security number on the sheets and attach them at the end of your return.

If you owe tax, be sure to attach your payment to the front of Form 1040 on top of any Form(s) W-2, W-2G, and W-2P.

# Section 4— Line-by-Line Instructions for Form 1040

## Name, Address, and Social Security Number

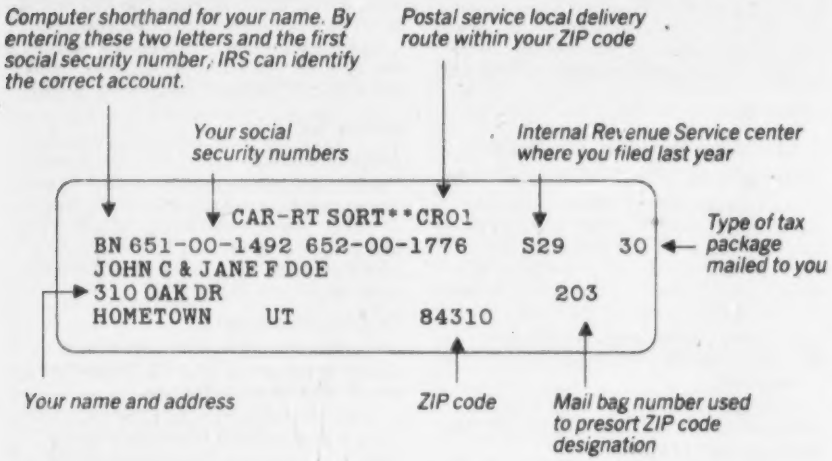
**Why Use The Label?** The mailing label on the front of the instruction booklet is designed to speed processing at Internal Revenue Service centers and prevent common errors that delay refund checks. But do not attach the label until you have finished your return. Cross out any errors and print the correct information on the label. Add any missing items (such as your apartment number).

***Caution:*** *If the label is for a joint return and the social security numbers are not listed in the same order as the first names, show the numbers in the correct order.*

Besides your name, address, and social security number, the label contains various code numbers and letters. The diagram on page 9 explains what these numbers and letters mean.

**What If You Do Not Have a Label?** If you didn't receive a label, print or type the information in the spaces provided. But if you are married filing a separate return, do not enter your husband's or wife's name here. Instead, show his or her name in the space provided on line 3.

## Your Mailing Label—What Does It Mean?


Computer shorthand for your name. By entering these two letters and the first social security number, IRS can identify the correct account.
Postal service local delivery route within your ZIP code
Your social security numbers
Internal Revenue Service center where you filed last year
CAR-RT SORT**CR01
BN 651-00-1492 652-00-1776 S29 30
JOHN C & JANE F DOE
310 OAK DR 203
HOMETOWN UT 84310
Type of tax package mailed to you
Your name and address
ZIP code
Mail bag number used to presort ZIP code designation

**Name Change.** If you changed your name because of marriage, divorce, etc., be sure to report this to the Social Security Administration so that it has the same name in its records that you have on your tax return. This prevents delays in processing your return and safeguards your future social security benefits.

**Deceased Taxpayer.** See **Death of Taxpayer** on page 26.

**Social Security Number.** Enter your social security number in the area marked "Your social security number." If you are married, enter your husband's or wife's social security number in the area marked "Spouse's social security number." Be sure that the number you enter agrees with the number shown on your social security card. Also be sure to check that your social security number is correct on your Forms W-2 and 1099. See page 26 for more information.

If you don't have a social security number, get **Form SS-5** from your local Social Security Administration office. If you do not receive a number by the time your return is due, write "Applied for" in the space for the number.

**Nonresident Alien Spouse.** If your spouse is a nonresident alien and you file a joint return, your spouse must get a social security number. If you file a separate return and your spouse has no social security number and no income, enter "NRA" in the space for your spouse's number.

**P.O. Box.** If your post office does not deliver mail to your home and you have a P.O. box, show your P.O. box number instead of your home address.

**Foreign Address.** If your address is outside of the United States or its possessions or territories, enter the information on the line for "City, town or post office, state, and ZIP code" in the following order: city, province or state, postal code, and the name of the country. Do **not** abbreviate the country name.

## Presidential Election Campaign Fund

Congress set up this fund to help pay for Presidential election costs. If you want $1 of your tax to go to this fund, check the "Yes" box. If you are filing a joint return, your spouse may also have $1 go to the fund. If you check "Yes," your tax or refund will not change.

## Filing Status

In general, your filing status depends on whether you are considered single or married. The filing statuses are listed below. The one that will usually give you the highest tax is listed first and the ones that will usually give you the lowest tax are listed last.

- Married filing a separate return
- Single
- Head of household
- Married filing a joint return or Qualifying widow(er) with dependent child

If more than one filing status applies to you, choose the one that will give you the lowest tax.

## Line 1

### Single

You may check the box on line 1 if **any one** of the following was true on December 31, 1990:

- You were never married, or
- You were legally separated, according to your state law, under a decree of divorce or of separate maintenance, or
- You were widowed before January 1, 1990, and did not remarry in 1990.

But if you had a child living with you or if you can claim your parent as a dependent, you may be able to file as head of household. You may also be able to file as head of household if a relative whom you can claim as a dependent lived with you. Read the instructions for **Head of Household** on page 10 to see if you can use that filing status. If you can, you may also be able to take the earned income credit on line 57.

## Line 2

### Married Filing Joint Return

You may check the box on line 2 if **any one** of the following is true:

- You were married as of December 31, 1990, even if you did not live together at the end of 1990, or
- Your spouse died in 1990 and you did not remarry in 1990, or
- Your spouse died in 1991 before filing a 1990 return. For details on how to file the joint return, see **Death of Taxpayer** on page 26.

A husband and wife may file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return and both are responsible. This means that if one spouse does not pay the tax due, the other may have to.

If you file a joint return for 1990, you may not, after the due date for filing that return, amend that return to file as married filing a separate return.

**Special Rule for Aliens.** If at the end of 1990 you were a nonresident alien or dual-status alien married to a U.S. citizen or resident alien, you may be able to file a joint return with your spouse. If you do file a joint return, you and your spouse must agree to be taxed on your combined worldwide income. For more details, get **Pub. 519,** U.S. Tax Guide for Aliens.

## Line 3

### Married Filing Separate Return

If you file a separate return, you will generally pay more tax. But you may want to figure your tax both ways (married filing joint and married filing separate) to see which filing status is to your benefit. If you file a separate return, the following apply:

- You cannot take the standard deduction if your spouse itemizes deductions.
- You cannot take the credit for child and dependent care expenses in most cases.
- You cannot take the earned income credit.
- You cannot exclude the interest from series EE U.S. savings bonds issued after 1989, even if you paid higher education expenses in 1990.
- You cannot take the credit for the elderly or the disabled if you lived with your spouse at any time in 1990.
- You may have to include in income up to one-half of any social security or equivalent railroad retirement benefits you received in 1990.
- Generally, you report only your own income, exemptions, deductions, and credits. Different rules apply to people in community property states. See page 12.

But you may be able to file as head of household if you had a child living with you, and you lived apart from your spouse during the last 6 months of 1990. See **Married Persons Who Live Apart** on page 10.

## Line 4

### Head of Household

You may check the box on line 4 **ONLY IF** on December 31, 1990, you were unmarried or legally separated and meet either 1 or 2 below. The term "unmarried" includes certain married persons who live apart, as discussed on this page.

1. You paid over half the cost of keeping up a home for the entire year, that was the main home of your **parent** whom you can claim as a dependent. Your parent did not have to live with you in your home; **OR**

2. You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than 6 months of the year (temporary absences, such as for vacation or school, are counted as time lived in the home):

   a. Your **unmarried** child, grandchild, great-grandchild, etc., adopted child, or stepchild. This child does not have to be your dependent. But your foster child must be your dependent.

   b. Your **married** child, grandchild, great-grandchild, etc., adopted child, or stepchild. This child must be your dependent. But, if your married child's other parent claims him or her as a dependent under the rules on page 11 for **Children of Divorced or Separated Parents**, this child does not have to be your dependent.

   c. Any other relative whom you can claim as a dependent. For the definition of a relative, see the instructions for line 6c.

To find out what is included in the cost of keeping up a home, get **Pub. 501,** Exemptions, Standard Deduction, and Filing Information. To find out if someone is your dependent, see the instructions for line 6c.

If the person for whom you kept up a home was born, or died, during 1990, you may still file as head of household as long as the home was that person's main home for the part of the year he or she was alive.

You **do not** qualify as head of household if your child, parent, or relative described above is your dependent under the rules for **Person Supported by Two or More Taxpayers** (see page 11).

**Aid to Families With Dependent Children (AFDC).** If you used payments you received under the AFDC program to pay part of the cost of keeping up your home, you cannot count them as money you paid. But you must include them in the total cost of keeping up your home to figure if you paid over half.

**Married Persons Who Live Apart.** Even if you were not divorced or legally separated in 1990, you may be considered unmarried and file as head of household. You may also be able to take the credit for child and dependent care expenses and the earned income credit. You can take the standard deduction even if your spouse itemizes deductions.

You may check the box on line 4 if **ALL FIVE** of the following apply:

1. You file a separate return from your spouse.
2. You lived apart from your spouse during the last 6 months of 1990.
3. You paid over half the cost of keeping up your home for 1990.
4. Your home was the main home of your child, stepchild, adopted child, or foster child for more than 6 months of 1990.
5. You claim this child as your dependent or the child's other parent claims him or her as a dependent under the rules on page 11 for **Children of Divorced or Separated Parents.**

## Line 5

### Qualifying Widow(er) With Dependent Child

If your spouse died in 1988 or 1989 and you did not remarry in 1990, you may be able to file as qualifying widow(er) with dependent child and use joint return tax rates for 1990. You may check the box on line 5 if **ALL FOUR** of the following apply:

1. You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent.
2. This child lived in your home for all of 1990 (except for temporary absences, such as for vacation or school).
3. You paid over half the cost of keeping up the home for this child.
4. You could have filed a joint return with your spouse the year he or she died, even if you didn't actually do so.

**Do not** claim an exemption for your spouse.

If your spouse died in 1990, you may not file as qualifying widow(er) with dependent child. Instead, see the instructions for line 2.

If you can't file as qualifying widow(er) with dependent child, see the instructions for line 4 to see if you can file as head of household. You must file as single if you can't file as qualifying widow(er) with dependent child, married filing a joint return, or head of household.

## Exemptions

For each exemption you can take, you can deduct $2,050 on line 36.

## Line 6a

### Yourself

Check the box on line 6a **unless** your parent (or someone else) can claim you as a dependent.

## Line 6b

### Spouse

If you file a joint return and your spouse cannot be claimed as a dependent on another person's return, check the box on line 6b. If you file a separate return, you can take an exemption for your spouse only if your spouse is not filing a return, had no income, and cannot be claimed as a dependent on another person's return.

If, at the end of 1990, you were divorced or legally separated, you cannot take an exemption for your former spouse. If your divorce was not final (an interlocutory decree), you are considered married for the whole year.

**Death of Your Spouse.** If your spouse died in 1990 and you did not remarry before the end of 1990, check the box on line 6b if you could have taken an exemption for your spouse on the date of death. For other filing instructions, see **Death of Taxpayer** on page 26.

**Nonresident Alien Spouse.** If you do not file a joint return, you can take an exemption for your nonresident alien spouse only if your spouse had no income from U.S. sources and is not the dependent of another taxpayer. Check the box on line 6b if you can take an exemption for your spouse and enter "NRA" to the right of the word "Spouse" on line 6b.

## Line 6c

### Dependents

You can take an exemption for each of your dependents who was alive during some part of 1990. This includes a baby born in 1990 or a person who died in 1990. Any person who meets **ALL FIVE** of the following tests qualifies as your dependent.

**Test 1—Relationship**

The person must be your relative (see **Exception** at end of **Test** 1). The following are considered your relatives:

- Your child, stepchild, adopted child; a child who lived in your home as a family member, if placed with you by an authorized placement agency for legal adoption; or a foster child (any child who lived in your home as a family member for the whole year).
- Your grandchild, great-grandchild, etc.
- Your son-in-law, daughter-in-law.
- Your parent, stepparent, parent-in-law.
- Your grandparent, great-grandparent, etc.
- Your brother, sister, half brother, half sister, stepbrother, stepsister, brother-in-law, sister-in-law.
- If related by blood, your aunt, uncle, nephew, niece.

Any relationships established by marriage are not treated as ended by divorce or death.

**Exception.** A person who lived in your home as a family member for the entire year can also be considered a dependent. But the relationship must not violate local law.

**Test 2—Married Person**

If the person is married, he or she cannot file a joint return. However, if neither the person nor the person's spouse is required to file, but they file a joint return to get a refund of all tax withheld, you may claim him or her if the other four tests are met.

**Test 3—Citizen or Resident**

The person **must have been** a U.S. citizen or resident alien, a resident of Canada or Mexico, or your adopted child who is not a U.S. citizen, but who lived with you all year in a foreign country.

**Test 4—Income**

Generally, the person's gross income must be less than $2,050. Gross income does not include nontaxable income, such as welfare benefits or nontaxable social security benefits.

Income earned by a permanently and totally disabled person for services performed at a sheltered workshop school is generally not included for purposes of the income test. Get **Pub. 501,** Exemptions, Standard Deduction, and Filing Information, for details.

**Exception for Your Child.** Your child can have gross income of $2,050 or more if:

**a.** your child was **under age 19** at the end of 1990, **or**

**b.** your child was **under age 24** at the end of 1990 **and** qualifies as a **student.**

Your child is a student if he or she:

- was enrolled as a student at a school during any 5 months of 1990 for the number of hours or classes that the school considers to be full-time, or
- took a full-time, on-farm training course during any 5 months of 1990. (The course had to be given by a school or a state, county, or local government agency.)

*School* includes technical, trade, and mechanical schools. It does not include on-the-job training courses or correspondence schools.

**Test 5—Support**

The general rule is that you had to provide over half the person's total support in 1990. If you file a joint return, support can come from either spouse. If you remarried, the support provided by your new spouse is treated as support coming from you. For exceptions to the support test, see **Children of Divorced or Separated Parents** and **Person Supported by Two or More Taxpayers** on this page.

Support includes food, a place to live, clothing, medical and dental care, and education. It also includes items such as a car and furniture, but only if they are for the person's own use or benefit. In figuring total support, use the actual cost of these items. However, figure the cost of a place to live at its fair rental value. Also include in total support money the person used for his or her own support, even if this money was not taxable. (Examples are gifts, savings, and social security and welfare benefits).

Total support **does not** include items such as income and social security taxes, life insurance premiums, scholarships, or funeral expenses.

If you care for a foster child, see **Pub. 501** for special rules that apply.

**Children of Divorced or Separated Parents.** Special rules apply to determine if the support test is met for children of divorced or separated parents. The rules also apply to children of parents who did not live together at any time during the last 6 months of the year, even if they do not have a separation agreement. For these rules, a **custodial parent** is the parent who had custody of the child for most of the year. A **noncustodial parent** is the parent who had custody for the shorter period or who did not have custody at all.

The general rule is that the custodial parent is treated as having provided over half of the child's total support if both parents together paid over half of the child's support. This means that the custodial parent can claim the child as a dependent if the other dependency tests are also met.

But, if you are the noncustodial parent, you are treated as having provided over half of the child's support and can claim the child as a dependent if **either** 1 or 2 below applies:

**1.** The custodial parent agrees not to claim the child's exemption for 1990 by signing **Form 8332** or a similar statement. But you (as the noncustodial parent) **must** attach this signed Form 8332 or similar statement to your return. Instead of attaching Form 8332, you can attach a copy of certain pages of your divorce decree or separation agreement, if it went into effect after 1984 (see **Children Who Didn't Live With You Due to Divorce or Separation,** below), **OR**

**2.** Your divorce decree or written separation agreement went into effect before 1985 and it states that you (the noncustodial parent) can claim the child as a dependent. But you must have given at least $600 for the child's support in 1990. Also, you must check the pre-1985 agreement box on line 6d. This rule does not apply if your decree or agreement was changed after 1984 to say that you cannot claim the child as your dependent.

**Person Supported by Two or More Taxpayers.** Sometimes two or more taxpayers together pay more than half of another person's support, but no one alone pays over half of the support. One of the taxpayers may claim the person as a dependent only if Tests 1 through 4 on page 10 are met. In addition, the taxpayer who claims the person as a dependent must:

**a.** have paid more than 10% of that person's support, and

**b.** attach to his or her tax return a signed **Form 2120,** Multiple Support Declaration, from every other person who paid more than 10% of the support. This form states that the person who signs it will not claim an exemption in 1990 for the person he or she helped to support.

**Columns (1) through (5)**

After you have figured out who you can claim as a dependent, fill in the columns on line 6c.

**Column (1).** Enter the name of each dependent. If you have more than six dependents, attach a statement to your return. Give the same information as in columns (1) through (5) for each dependent.

**Column (2).** If your dependent was under age 2 on December 31, 1990, put a check mark in column (2).

**Column (3).** Any dependent age 2 or older must have a social security number. You must enter that number in column (3). If you do not enter it or if the number is wrong, you may have to pay a $50 penalty.

Your dependent can get a number by filing **Form SS-5** with the local Social Security Administration office. If your dependent does not have a number when you are ready to file your return, write "Applied for" in column (3). If your dependent lives in Canada or Mexico, see Pub. 501.

**Column (4).** Enter your dependent's relationship to you. For example, if the dependent is your child, enter "son" or "daughter."

**Column (5).** Enter the number of months your dependent lived with you during 1990. (Do not enter more than 12.) Temporary absences such as school or vacation are counted as time living in your home. If your dependent was born, or died, during 1990, enter "12" in this column. If your dependent lived in Canada or Mexico during 1990, don't enter a number. Instead, enter the letter "F" (for foreign).

**Children Who Didn't Live With You Due to Divorce or Separation.** If you are claiming a child who didn't live with you under the rules on this page for **Children of Divorced or Separated Parents,** enter the total number of such children on the line to the right of line 6c labeled "No. of your children on 6c who: didn't live with you due to divorce or separation." If you put a number on this line, you **must** do one of the following:

- **Check the box on line 6d** if your divorce decree or written separation agreement was in effect before 1985, and it states that you can claim the child as your dependent.
- Attach **Form 8332** or similar statement to your return. If your divorce decree or separation agreement went into effect after 1984 and it states that you can claim the child as your dependent, you may attach a copy of the following pages from the decree or agreement instead of Form 8332:

**1.** Cover page (write the other parent's social security number on this page), and

**2.** The page that states you can claim the child as your dependent, and

**3.** Signature page showing the date of the agreement.

**Other Dependent Children.** Enter the total number of children who did not live with you for reasons other than divorce or separation on the line labeled "No. of other dependents on 6c." Include dependent children who lived in Canada or Mexico during 1990.

## Income

**Examples of Income You Must Report**

The following kinds of income must be reported on Form 1040, or related forms and schedules, in addition to the types of income listed on Form 1040, lines 7 through 21b. You may need some of the forms and schedules mentioned below.

Scholarship and fellowship amounts. (See the instructions for line 7.)

Original Issue Discount (Schedule B).

Distributions from SEPs and DECs.

Amounts received in place of wages, from accident and health plans (including sick pay and disability pensions) if your employer paid for the policy.

Bartering income (fair market value of goods or services you received in return for your services).

Tier 2 and supplemental annuities under the Railroad Retirement Act.

Life insurance proceeds from a policy you cashed in if the proceeds are more than the premium you paid.

Your share of income from S corporations, partnerships, estates and trusts (Schedules B, D, or E).

Endowments.

Lump-sum distributions (Form 4972). (See page 15.)

Gains from the sale or exchange (including barter) of real estate, securities, coins, gold, silver, gems, or other property (Schedule D or Form 4797).

Gain from the sale of your main home (Schedule D and Form 2119).

Accumulation distributions from trusts (Form 4970).

Prizes and awards (contests, raffles, lottery, and gambling winnings).

Earned income (such as wages and tips) from sources outside the United States (Form 2555).

Unearned income (such as interest, dividends, and pensions) from sources outside the United States unless exempt by law or a tax treaty.

Director's fees.

Fees received as an executor or administrator of an estate.

Embezzled or other illegal income.

### U.S. Citizens Living Abroad

Generally, foreign source income must be reported. Get **Pub. 54,** Tax Guide for U.S. Citizens and Resident Aliens Abroad, for more details.

### Examples of Income You Do Not Report

(Do not include these amounts when you decide if you must file a return.)

Welfare benefits.

Disability retirement payments (and other benefits) paid by the Veterans' Administration.

Workers' compensation benefits, insurance, damages, etc., for injury or sickness. (Punitive damages received in cases not involving physical injury or sickness usually must be reported as income. Get **Pub. 525,** Taxable and Nontaxable Income.)

Child support.

Gifts, money, or other property you inherited or that was willed to you.

Dividends on veterans' life insurance.

Life insurance proceeds received because of a person's death.

Amounts you received from insurance because you lost the use of your home due to fire or other casualty to the extent the amounts were more than the cost of your normal expenses while living in your home. (Reimbursements for normal living expenses must be reported as income.)

Certain amounts received as a scholarship (see the instructions for line 7).

Cancellation of certain student loans if, under the terms of the loan, the student performs certain professional services for any of a broad class of employers (get **Pub. 520,** Scholarships and Fellowships).

### Community Property States

Community property states are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.

If you and your spouse live in a community property state, you must follow state law to determine what is community income and what is separate income. However, different rules could apply if:

- you and your spouse lived apart all year,
- you do not file a joint return, and
- none of the community income you earn is transferred to your spouse.

For details, get **Pub. 555,** Federal Tax Information on Community Property.

### Rounding Off to Whole Dollars

You may round off cents to the nearest whole dollar on your return and schedules. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $1.39 becomes $1 and $2.50 becomes $3.

If you do round off, do so for all amounts. However, if you have to add two or more amounts to figure the amount to enter on a line, include cents when adding and only round off the total. **Example.** You received two W-2 forms, one showing wages of $5,000.55 and one showing wages of $18,500.73. On Form 1040, line 7, you would enter $23,501 ($5,000.55 + $18,500.73 = $23,501.28).

## Line 7

### Wages, Salaries, Tips, etc.

Show the total of all wages, salaries, fees, commissions, tips, bonuses, supplemental unemployment benefits, and other amounts you were paid before taxes, insurance, etc., were taken out. For a joint return, be sure to include your spouse's income on line 7.

Include in this total:

- The amount that should be shown in Box 10 on **Form W-2.** Report all wages, salaries, and tips you received, even if you do not have a Form W-2.
- Tips received that you did not report to your employer. (Show any social security tax due on these tips on line 51—see the instructions on page 22.)

You must report as income the amount of allocated tips shown on your W-2 form(s) unless you can prove a lesser amount with adequate records. Allocated tips should be shown in Box 7 of your W-2 form(s). They are not included in Box 10 of your W-2 form(s). For information on allocated tips, get **Pub. 531,** Reporting Income From Tips.

- Corrective distributions of excess salary deferrals.
- Corrective distributions of excess contributions and excess aggregate contributions to a retirement plan.
- Disability pensions if you have not reached the minimum retirement age set by your employer.

***Note:*** *Disability pensions received after you reach your employer's minimum retirement age and other pensions shown on* ***Form W-2P*** *(other than payments from an IRA) are reported on lines 17a and 17b of Form 1040. Payments from an IRA are reported on lines 16a and 16b.*

- Payments by insurance companies, etc., not included on Form W-2. If you received sick pay or a disability payment from anyone other than your employer, and it is not included in the wages shown on Form W-2, include it on line 7. Attach a statement showing the name and address of the payer and amount of sick pay or disability income. (Get **Form W-4S** for details on withholding of Federal income tax from your sick pay.)
- Fair market value of meals and living quarters if given by your employer as a matter of your choice and not for your employer's convenience. Don't report the value of meals given you at work if they were provided for your employer's convenience. Also don't report the value of living quarters you had to accept on your employer's business premises as a condition of employment.
- Strike and lockout benefits paid by a union from union dues. Include cash and the fair market value of goods received. Don't report benefits that were gifts.
- Any amount your employer paid for your moving expenses (including the value of services furnished in kind) that is not included in Box 10 on Form W-2.

***Note:*** *You must report on line 7 all wages, salaries, etc., paid for your personal services, even if the income was signed over to a trust (including an IRA), another person, a corporation, or a tax-exempt organization.*

For more details on reporting income received in the form of goods, property, meals, stock options, etc., get **Pub. 525,** Taxable and Nontaxable Income.

**Statutory Employees.** If you were a statutory employee, the "Statutory employee" box in Box 6 of your W-2 form should be checked. Statutory employees include full time life insurance salespeople, certain agent or commission drivers and traveling salespeople and certain homeworkers.

If you are deducting business expenses as a statutory employee, report the amount shown in Box 10 of your W-2 form and your expenses on Schedule C. If you are not deducting business expenses, report your income on line 7.

**Employer-Provided Vehicle.** If you used an employer-provided vehicle for both personal and business purposes and 100% of the annual lease value of the vehicle was included in the wages box (Box 10) of your W-2 form, you may be able to deduct the business use of the vehicle on Schedule A. But you must use **Form 2106,** Employee Business Expenses, to do so. (The total annual lease value of the vehicle should be shown in Box 16 of your W-2 form or on a separate statement.) For more details, get Pub. 525.

**Excess Salary Deferrals.** If you chose to have your employer contribute part of your pay to certain retirement plans (such as a 401(k) or the Federal Thrift Savings Fund) instead of having it paid to you, your W-2 form should have the "Deferred compensation" box in Box 6 checked. The amount deferred should be shown in Box 17. The total amount that may be deferred for 1990 under **all** plans is generally limited to $7,979. But amounts deferred under a tax-sheltered annuity plan may have a higher limit. For details, get **Pub. 575,** Pension and Annuity Income (Including Simplified General Rule). Any amount deferred in excess of these limits must be reported on Form 1040, line 7.

**Caution:** *You may* ***not*** *deduct the amount deferred. It is not included in Box 10 of your W-2 form.*

**Employer-Provided Dependent Care Benefits (DCB).** If you received benefits under your employer's dependent care plan, you may be able to exclude part or all of them from your income. But you must use **Form 2441,** Child and Dependent Care Expenses, to do so. The benefits should be shown in Box 15 of your W-2 form(s).

First, go to Form 2441 and complete Parts I and III. Line 25 of that form shows any excluded benefits. Line 26 shows the taxable benefits, if any. Include the taxable benefits from line 26 on Form 1040, line 7. On the dotted line next to line 7, write "DCB."

**Scholarship and Fellowship Grants.** If you received a scholarship or fellowship that was granted **after** August 16, 1986, part or all of it may be taxable even if you didn't receive a W-2 form.

If you were a degree candidate, the amounts you used for expenses other than tuition and course-related expenses are taxable. For example, amounts used for room, board, and travel are taxable.

If you were not a degree candidate, the full amount of the scholarship or fellowship is taxable.

Include the taxable amount not reported on a W-2 form on line 7. Then write "SCH" and the taxable amount not reported on a W-2 form on the dotted line next to line 7.

## Line 8a

### Taxable Interest Income

Report **ALL** of your taxable interest income on line 8a, even if it is $400 or less. If the total is more than $400 or if you are claiming the exclusion of interest from series EE U.S. savings bonds issued after 1989, first fill in Schedule B (see page 30).

Report any interest you received or that was credited to your account so you could withdraw it even if it wasn't entered in your passbook.

Interest credited in 1990 on deposits that you could not withdraw because of the bankruptcy or insolvency of the financial institution may not have to be included in your 1990 income. For details, get **Pub. 550,** Investment Income and Expenses.

The payer should send you a **Form 1099-INT** or, if applicable, a **Form 1099-OID** for this interest. A copy of the form is also sent to IRS.

If you received, as a nominee, interest that actually belongs to someone else, see the Schedule B instructions on page 31.

***Caution:*** *Be sure each payer of interest income has your correct social security number. Otherwise, the payer may withhold 20% of the interest. You may also be subject to penalties.*

### Examples of Taxable Interest Income You MUST Report

Report interest from:

- Accounts (including certificates of deposit and money market accounts) with banks, credit unions, and savings and loan associations.
- Building and loan accounts.
- Notes, loans, and mortgages. Special rules apply to loans with below-market interest rates. Get **Pub. 545,** Interest Expense.
- Tax refunds. Report only the interest on them as interest income.
- Bonds and debentures. Also arbitrage bonds issued by state and local governments after October 9, 1969. (Report interest on other state and local bonds and securities on line 8b.) Also report as interest on line 8a any gain on the disposition of certain market discount bonds issued to you after July 18, 1984, to the extent of the accrued market discount. For taxable bonds acquired after 1987, reduce your interest income on the bonds by the amount of any amortizable bond premium. **Do not** deduct the premium as interest expense on Schedule A. See the Schedule B instructions on page 31.
- U.S. Treasury bills, notes, and bonds.
- U.S. savings bonds. The interest is the yearly increase in the value of the bond. Interest on series E or EE bonds can be reported using method **a** or **b** below:

  **a.** Report the total interest when you cash the bonds, or when they reach final maturity and no longer earn interest; **OR**

  **b.** Each year report on your return the yearly increase in the bonds' value.

If you change to method **b**, report the entire increase in all your bonds from the date they were issued. Each year after report only the yearly increase. You may not change to method **a** unless you complete **Form 3115** and attach it to your tax return. See Pub. 550 for details.

***Note:*** *If you receive a 1990 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 1990, see Pub. 550.*

- Original Issue Discount (OID). This is the difference between the issue price of a debt instrument and the stated redemption price at maturity. If the instrument was issued at a discount after May 27, 1969 (or for certain noncorporate instruments after July 1, 1982), include in your interest income the discount for the part of the year you held it. The taxable OID may be more or less than the amount shown on Form 1099-OID.

If you bought a corporate debt instrument at original issue and held it for all of 1990 or the part of 1990 that it was outstanding, include in interest income the total OID from Form 1099-OID. Get **Pub. 1212,** List of Original Issue Discount Instruments, to figure the taxable OID for other corporate debt instruments and noncorporate debt instruments (such as zero coupon U.S. Treasury-backed securities).

If you had OID for 1990, but did not receive Form 1099-OID, or if the price you paid for the instrument is more than the issue price plus accumulated OID, see Pub. 1212. It provides total OID on the instruments listed and gives computational information.

Also include in your interest income any other periodic interest shown on Form 1099-OID.

## Line 8b

### Tax-Exempt Interest Income

If you received any tax exempt interest (such as from municipal bonds), report it on line 8b. Include in this amount any exempt-interest dividends from a mutual fund or other regulated investment company. **Do not** report interest earned on your IRA on line 8b.

## Line 9

### Dividend Income

Dividends are distributions of money, stock, or other property that corporations pay to stockholders. They also include dividends you receive through a partnership, an S corporation, or an estate or trust. Payers include nominees or other agents. The payer should send you a **Form 1099-DIV.** A copy of this form is also sent to IRS.

If you received, as a nominee, dividends that actually belong to someone else, see the Schedule B instructions on page 31.

If your total gross dividends (Form 1099-DIV, Box 1a) are more than $400, first fill in Schedule B (see page 31). If you received $400 or less in dividends, include on line 9 only ordinary dividends and any investment expenses shown in Box 1e of Form 1099-DIV.

***Caution:*** *Be sure each payer of dividends has your correct social security number. Otherwise, the payer may withhold 20% of the dividend income. You may also be subject to penalties.*

### Dividends Include:

- **Ordinary dividends.** These are shown on Form 1099-DIV, Box 1b.
- **Capital gain distributions.** These are shown on Form 1099-DIV, Box 1c. If you have other capital gains or losses, also enter your capital gain distributions on Schedule D. If you don't need Schedule D to report any other gains or losses, see the instructions for lines 13 and 14.
- **Nontaxable distributions.** Some distributions are nontaxable because they are a return of your cost. They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), you must report these distributions as capital gains. For details, get **Pub. 550,** Investment Income and Expenses. Form 1099-DIV shows nontaxable distributions in Box 1d.

***Note:*** *Generally, payments from a money market fund are dividends.*

### Do Not Report as Dividends

- Alaska Permanent Fund dividends. Report these amounts on line 22 instead.
- Dividends on insurance policies. These dividends are a partial return of the premiums you paid. Do not include them in your gross income until they exceed the total of all net premiums you paid for the contract. Remember to report on line 8a any interest paid or credited on dividends left with an insurance company.
- Amounts paid on deposits or accounts from which you could withdraw your money, such as mutual savings banks, cooperative banks, and credit unions. Remember to report these amounts as interest on line 8a.

## Line 10

### Taxable Refunds of State and Local Income Taxes

If you received a refund, credit, or offset of state or local income taxes in 1990 that you paid and deducted before 1990, you may have to report all or part of this amount as income if your itemized deduction for state and local income taxes in the year you paid the taxes resulted in a tax benefit. You may receive **Form 1099-G,** or similar statement, showing the refund.

Any part of a refund of state or local income taxes paid before 1990 that you were entitled to receive in 1990 but chose to apply to your 1990 estimated state income tax is considered to have been received in 1990.

**Do not** report the refund as income if it was for a tax you paid in a year for which you did not itemize deductions on Schedule A, or it was for a year in which you filed Form 1040A or Form 1040EZ.

If the refund was for a tax you paid in 1989 and you itemized deductions on Schedule A for 1989, use the worksheet below to figure the amount, if any, you must report as income for 1990.

But see **Recoveries** in **Pub. 525**, Taxable and Nontaxable Income, instead of using the worksheet below if any of the following applies:

- The refund you received in 1990 is for a tax year other than 1989.
- You received a refund (other than an income tax refund, such as a real property tax refund) in 1990 of an amount deducted or credit claimed in an earlier year.
- Your 1989 taxable income was less than zero.
- Your last payment of 1989 estimated state income tax was made in 1990.
- You were liable for the alternative minimum tax in 1989.
- You could not deduct the full amount of credits you were entitled to in 1989 because the total credits exceeded the tax shown on your 1989 Form 1040, line 40.
- You could be claimed as a dependent by someone else in 1989.

**Worksheet for State and Local Income Tax Refunds** (Keep for your records)

1. Enter the income tax refund from **Form(s) 1099-G** (or similar statement) ..... ____
2. Enter the amount from your 1989 Schedule A, line 26 ..... ____

***Note:*** *If the filing status on your 1989 Form 1040 was married filing separately and your spouse itemized deductions in 1989, enter the amount from line 2 on line 6; skip lines 3, 4, and 5.*

3. Enter on line 3 the amount shown below for the filing status claimed on your 1989 Form 1040:
   - Single, enter $3,100
   - Married filing jointly or Qualifying widow(er), enter $5,200
   - Married filing separately, enter $2,600
   - Head of household, enter $4,550

   ... ____
4. If you didn't complete line 33a on your 1989 Form 1040, enter -0-. Otherwise, multiply the number on your 1989 Form 1040, line 33a, by $600 ($750 if your 1989 filing status was single or head of household) and enter the result ..... ____
5. Add lines 3 and 4. Enter the total ____
6. Subtract line 5 from line 2. Enter the result (but not less than zero) ____
7. **Taxable part of your refund.** Compare the amounts on lines 1 and 6 above. Enter the **smaller** of the two amounts here and on Form 1040, line 10 ..... ____

## Line 11

### Alimony Received

Enter amounts you received as alimony or separate maintenance. You must let the person who made the payments know your social security number. If you don't, you may have to pay a $50 penalty. For more details, get **Pub. 504,** Tax Information for Divorced or Separated Individuals.

If you received payments under a divorce or separation instrument executed after 1984, see the instructions for line 29 on page 18 for information on the rules that apply in determining whether these payments qualify as alimony.

## Line 12

### Business Income or (Loss)

If you operated a business or practiced your profession as a sole proprietor, report your income and expenses on Schedule C. Enter on line 12 your net profit or (loss) from Schedule C.

## Lines 13 and 14

### Capital Gain or (Loss)

Enter on line 13 your capital gain or (loss) from Schedule D. If you received **capital gain distributions** but do not need Schedule D for other capital transactions, enter those distributions on line 14.

## Line 15

### Other Gains or (Losses)

If you sold or exchanged assets used in a trade or business, see the Instructions for **Form 4797.** Enter the ordinary gain or (loss) from Part II of Form 4797.

## Lines 16a and 16b

### IRA Distributions

Use lines 16a and 16b to report payments (distributions) you received from your individual retirement arrangement (IRA). This includes regular distributions, early distributions, rollovers, and any other money or property you received from your IRA account or annuity. You should receive a **Form 1099-R** or **Form W-2P** showing the amount of your distribution.

If you made any nondeductible contributions to your IRA for 1990 or an earlier year or you rolled your IRA distribution over into another IRA, see below. **Do not** use lines 16a and 16b to report a rollover from a qualified employer's plan to an IRA. Instead, see the instructions for lines 17a and 17b.

IRA distributions that you must include in income are taxed at the same rate as other income. You may not use the special averaging rule for lump-sum distributions from qualified employer plans.

If your IRA distribution is fully taxable, enter it on line 16b; no entry is required on line 16a. If only part is taxable, enter the total distribution on line 16a and the taxable part on line 16b.

***Caution:*** *If you received an early distribution and the total distribution was not rolled over or you received an excess distribution, you may have to pay additional tax. Get* ***Form 5329*** *for details.*

**Nondeductible Contributions.** If you made nondeductible contributions for any year, part of your IRA distribution may be nontaxable.

If you made any nondeductible contributions for 1990, get **Pub. 590,** Individual Retirement Arrangements (IRAs), and **Form 8606** to figure the taxable part of your IRA distribution. Enter the total distribution on line 16a and the taxable part on line 16b.

If all of your nondeductible contributions were made for years before 1990, use Form 8606 to figure the taxable part of your distribution by following the instructions for line 11 of that form. Enter the total distribution on line 16a and the taxable part on line 16b.

**Rollovers.** A rollover is a tax-free transfer of cash or other assets from one retirement program to another. Use lines 16a and 16b to report a rollover from one IRA to another IRA. Enter the total distribution on line 16a. If the total on line 16a was rolled over, enter zero on line 16b. If the total was not rolled over, enter the part not rolled over on line 16b. But, if you ever made nondeductible contributions to any of your IRAs, use Form 8606 to figure the taxable part to enter on line 16b.

For more details, see Pub. 590.

## Lines 17a and 17b

### Pensions and Annuities

Use lines 17a and 17b to report pension and annuity payments you received (including disability pensions received after you reach the minimum retirement age set by your employer). Also, use these lines to report payments (distributions) from profit-sharing plans, retirement plans, and employee-savings plans. See page 15 for information on rollovers and lump-sum distributions.

You should receive a **Form W-2P** or **Form 1099-R** showing the amount of your pension or annuity. Be sure to attach Form W-2P to Form 1040.

**Do not** use lines 17a and 17b to report corrective distributions of excess salary deferrals, excess contributions, or excess aggregate contributions from retirement plans. Instead, see the instructions for line 7. Also, **do not** use lines 17a and 17b to report any social security or railroad retirement benefits shown on **Forms SSA-1099** and **RRB-1099.** Instead, see the instructions for lines 21a and 21b.

***Caution:*** *Certain transactions, such as loans against your interest in a qualified plan, may be treated as taxable distributions and may also be subject to additional taxes. For details, get* ***Pub. 575,*** *Pension and Annuity Income (Including Simplified General Rule).*

**Fully Taxable Pensions and Annuities**

Your pension or annuity payments are fully taxable if **either** of the following applies:

1. You did not contribute to the cost of your pension or annuity, or
2. You used the 3-Year Rule and you got back tax free your entire cost before 1990.

Fully taxable pensions and annuities also include military retirement pay shown on Form W-2P, and any taxable railroad retirement benefits from Box 12 of **Form RRB-W-2P.** If you received Form RRB-W-2P and an amount is shown in Box 13 of your form, get Pub. 575 to see how to report your benefits.

If your pension or annuity is fully taxable, enter it on line 17b; no entry is required on line 17a.

For information on military disability pensions, get **Pub. 525,** Taxable and Nontaxable Income.

**Partially Taxable Pensions and Annuities**

If your pension or annuity is partially taxable and your Form W-2P does not show the taxable part, you must use the General Rule to figure the taxable part. The General Rule is explained in **Pub. 939,** Pension General Rule (Nonsimplified Method). But, if your annuity starting date as defined below was **after** July 1, 1986, you may be able to use the Simplified General Rule explained on this page to figure the taxable part of your pension or annuity.

If you want IRS to figure the taxable part, submit a ruling request before the due date of your return (including extensions). For details on how to do this, see Pub. 939.

If your Form W-2P shows a taxable amount, you may report that amount on line 17b. But, you may use the General Rule or, if you qualify, the Simplified General Rule to see if you can report a lower taxable amount.

Once you have figured the taxable part of your pension or annuity, enter that amount on line 17b; enter the total you received on line 17a.

**Annuity Starting Date.** Your annuity starting date is the later of the first day of the first period for which you received a payment from the plan, or the date on which the plan's obligations became fixed.

**Simplified General Rule.** Using this method will usually result in at least as much of the pension or annuity being tax free each year as under the General Rule or as figured by IRS. You qualify to use this simpler method if **ALL FOUR** of the following apply:

**1.** Your annuity starting date was **after** July 1, 1986.

**2.** The pension or annuity payments are for: **(a)** your life, or **(b)** your life and that of your beneficiary.

**3.** The pension or annuity payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.

**4.** At the time the pension or annuity payments began, either you were under age 75, or, if you were 75 or older, the number of years of guaranteed payments was fewer than 5.

If you qualify, use the worksheet below to figure the taxable part of your pension or annuity. But, if you received U.S. Civil Service retirement benefits and you chose the lump-sum credit option, use the worksheet in **Pub. 721,** Tax Guide to U.S. Civil Service Retirement Benefits, instead of the one below. If you are a beneficiary entitled to a death benefit exclusion, add the exclusion to the amount you enter on line 2 of the worksheet even if you received a Form W-2P showing a taxable amount. (The payer of the annuity cannot add the death benefit exclusion to your cost when figuring the taxable amount.) Attach a signed statement to your return stating that you are entitled to a death benefit exclusion. For more details on the Simplified General Rule, see Pub. 575 or Pub. 721.

**Age at Annuity Starting Date.** If you are the retiree, use your age on the annuity starting date. If you are the survivor of a retiree, use the retiree's age on his or her annuity starting date. If you are the beneficiary of an employee who died, get Pub. 575.

***Note:** If there is more than one beneficiary, see Pub. 575 or Pub. 721, to figure each beneficiary's taxable amount.*

**Changing Methods.** If your annuity starting date was **after** July 1, 1986, you may be able to change from the General Rule to the Simplified General Rule (or the other way around). For details, see Pub. 575 or Pub. 721.

**Death Benefit Exclusion**

If you are the beneficiary of a deceased employee or deceased former employee, amounts paid to you by, or on behalf of, an employer because of the death of the employee may qualify for a death benefit exclusion of up to $5,000. If you are entitled to this exclusion, add it to the cost of the pension or annuity.

Special rules apply if you are the survivor under a joint and survivor's annuity. For details, see Pub. 575.

**Rollovers**

A rollover is a tax-free transfer of cash or other assets from one retirement program to another. Use lines 17a and 17b to report a rollover from one qualified employer's plan to another, or to an IRA.

Distributions that may be rolled over are generally reported to you on **Form 1099-R** or **Form W-2P.** Enter the total distribution on line 17a. If the total on line 17a (less any contributions that were taxable to you when made) was rolled over, enter zero on line 17b. Otherwise, enter the taxable part of the distribution that was not rolled over on line 17b. Special rules apply to partial rollovers of property.

For more details on rollovers, including distributions under qualified domestic relations orders, see Pub. 575.

**Lump-Sum Distributions**

If you received a lump-sum distribution from a profit-sharing or retirement plan, you should receive a **Form 1099-R** showing the amount of the distribution. If you received an early distribution from a qualified retirement plan and the total amount was not rolled over, you may owe an additional tax. You may also owe an additional tax if you received an excess distribution from a qualified retirement plan. For details, get **Form 5329.**

Enter the total distribution on line 17a and the taxable part on line 17b unless:

- You chose to report the amount, if any, shown in Box 3 of your Form 1099-R on Schedule D (see the instructions for Schedule D), or
- You were born before 1936, you meet certain other conditions, and you choose to use **Form 4972,** Tax on Lump-Sum

**Worksheet for Simplified General Rule** (Keep for your records)

| | | | |
|---|---|---|---|
| 1. | Enter the total pension or annuity payments received this year. Also enter this amount on Form 1040, line 17a | 1. | |
| 2. | Enter your cost in the plan at the annuity starting date, plus any death benefit exclusion | 2. | |
| 3. | Age at annuity starting date: (see instructions above) — Enter: 55 and under 300; 56–60 260; 61–65 240; 66–70 170; 71 and older 120 | 3. | |
| 4. | Divide the amount on line 2 by the number on line 3. Enter the result | 4. | |
| 5. | Multiply the amount on line 4 by the number of months for which this year's payments were made. Enter the result. If your annuity starting date was **before** 1987, also enter this amount on line 8; skip lines 6 and 7. Otherwise, go to line 6 | 5. | |
| 6. | Enter the amount, if any, recovered tax free in years after 1986 | 6. | |
| 7. | Subtract line 6 from line 2. Enter the result | 7. | |
| 8. | Compare the amounts on lines 5 and 7 above. Enter the **smaller** of the two amounts here | 8. | |
| 9. | **Taxable amount.** Subtract line 8 from line 1. Enter the result, but not less than zero. Also enter this amount on Form 1040, line 17b. If your Form W-2P shows a larger amount, use the amount on this line instead of the amount from Form W-2P | 9. | |

***Note:** If you had more than one pension or annuity that is partially taxable, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 17b. Enter the total pension or annuity payments received in 1990 on Form 1040, line 17a.*

Distributions, to figure the tax on any part of the distribution. You may also be able to use Form 4972 if you are the beneficiary of a deceased employee who was born before 1936 and was age 50 or older on the date of death. In these cases, you may pay less tax on the distribution. For details, get Form 4972.

If you use Form 4972 to figure the tax on any part of your distribution, do not include that part of the distribution on line 17a or 17b of Form 1040.

## Line 18

### Rents, Royalties, Partnerships, Estates, Trusts, etc.

Use Schedule E to report income or losses from rents, royalties, partnerships, S corporations, estates, trusts, and REMICs. Enter on line 18 your total income or (loss) from Schedule E.

## Line 19

### Farm Income or (Loss)

Use Schedule F to report farm income and expenses. Enter on line 19 your net profit or (loss) from Schedule F.

## Line 20

### Unemployment Compensation

Use line 20 to report unemployment compensation (insurance) you received. By January 31, 1991, you should receive a **Form 1099-G** showing the total amount paid to you during 1990.

If you received an overpayment of unemployment compensation in 1990 and you repaid it in 1990, subtract the amount you repaid from the total amount you received. Enter the result on line 20. Also write "Repayment" and the amount you repaid on the dotted line next to line 20.

***Note:*** *Supplemental unemployment benefits received from a company-financed supplemental unemployment benefit fund are wages. Report them on line 7.*

## Lines 21a and 21b

### Social Security Benefits

Social security and equivalent railroad retirement benefits you receive may be taxable in some instances. Social security benefits include any monthly benefit under title II of the Social Security Act or the part of a tier 1 railroad retirement benefit treated as a social security benefit. Social security benefits do not include any Supplemental Security Income (SSI) payments.

By January 31, 1991, you should receive a **Form SSA-1099** showing in Box 3 the total social security benefits paid to you in 1990, and in Box 4 the amount of any social security benefits you repaid in 1990. If you received railroad retirement benefits treated as social security, you should receive a **Form RRB-1099.** For more details, get **Pub. 915,** Social Security Benefits and Equivalent Railroad Retirement Benefits.

Use the worksheet on this page to see if any of your benefits are taxable, but **please note** the following before you begin.

- You will first need to complete Form 1040, lines 7 through 20, 22, and 30 if they apply to you, to figure the taxable part, if any, of your benefits.
- If you made IRA contributions for 1990 and you were covered by a retirement plan at work or through self-employment, **do not** use the worksheet below. Instead, use the worksheets in **Pub. 590,** Individual Retirement Arrangements (IRAs), to see if any of your social security benefits are taxable and to figure your IRA deduction.
- If you repaid any benefits in 1990, and your total repayments (Box 4) were more than your total benefits for 1990 (Box 3), **do not** use the worksheet below. None of your benefits are taxable for 1990. But you may be able to take an itemized deduction for part of the excess repayments if they were for benefits you included in gross income in an earlier year. Get Pub. 915.
- If you file **Form 2555,** Foreign Earned Income, **Form 4563,** Exclusion of Income for Bona Fide Residents of American Samoa, **Form 8815,** Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, or you exclude income from sources within Puerto Rico, use the worksheet in Pub. 915 instead of the one below.

## Line 22

### Other Income

Use line 22 to report any income you can't find a place for on your return or other schedules. List the type and amount of income. If necessary, show the required information on an attached statement. For more information, see **Miscellaneous Taxable Income** in **Pub. 525,** Taxable and Nontaxable Income.

***Caution:*** *Do not report any income from self-employment on line 22. If you had any income from self-employment, you* ***must*** *use Schedule C or Schedule F, even if you do not have any business expenses to deduct from that income.*

Examples of income to be reported on line 22 are:

- Prizes, awards, and gambling winnings. Proceeds from lotteries, raffles, etc., are gambling winnings. You must report the full amount of your winnings on this line. You cannot offset losses against winnings and report the difference.

If you had any gambling losses, you may take them as an itemized deduction on Schedule A. However, you cannot deduct more losses than the winnings you report.

- Amounts you received for medical expenses or other items such as real estate taxes that you deducted in an earlier year if they reduced your tax. See Pub. 525 for information on how to figure the amount to include in income.
- Amounts you recovered on bad debts that you deducted in an earlier year.
- Fees received for jury duty and precinct election board duty. You may be able to deduct part or all of your jury duty pay. See the instructions for line 30.
- Alaska Permanent Fund dividends.

**Net Operating Loss.** If you had a net operating loss in an earlier year to carry forward to 1990, enter it as a minus figure in parentheses on line 22. Attach a statement showing how you figured the amount. Get **Pub. 536,** Net Operating Losses, for more details.

### Social Security Benefits Worksheet (Keep for your records)

***Note:*** *If you are married filing a separate return and you did* ***not*** *live with your spouse at any time in 1990, enter "D" on the dotted line next to line 21a.*

1. Enter the total amount from **Box 5** of **ALL** your **Forms SSA-1099 and Forms RRB-1099** (if applicable) . . . . . 1. _____

***Note:*** *If line 1 is zero or less, stop here; none of your benefits are taxable. Otherwise, go to line 2.*

2. Divide the amount on line 1 above by 2 . . . . . 2. _____
3. Add the amounts on Form 1040, lines 7, 8a, 8b, 9 through 15, 16b, 17b, 18 through 20, and line 22. Do not include here any amounts from Box 5 of Forms SSA-1099 or RRB-1099 . . . . . 3. _____
4. Add lines 2 and 3 . . . . . 4. _____
5. Enter the total adjustments from Form 1040, line 30 . . . . . 5. _____
6. Subtract line 5 from line 4 . . . . . 6. _____
7. Enter on line 7 the amount shown below for your filing status:
   - Single, Head of household, or Qualifying widow(er) with dependent child, enter $25,000
   - Married filing a joint return, enter $32,000
   - Married filing a separate return, enter -0- ($25,000 if you did **not** live with your spouse at any time in 1990)

   . . . 7. _____
8. Subtract line 7 from line 6. Enter the result, but not less than zero . . . 8. _____
   - If line 8 is zero, stop here. None of your benefits are taxable. Do not enter any amounts on lines 21a or 21b. **But** if you are married filing a separate return and you did **not** live with your spouse at any time in 1990, enter -0- on line 21b. Be sure you entered "D" on the dotted line next to line 21a.
   - If line 8 is more than zero, go to line 9.
9. Divide the amount on line 8 above by 2 . . . . . 9. _____
10. **Taxable social security benefits.**
    - First, enter on Form 1040, line 21a, the amount from line 1 above.
    - Then, compare the amounts on lines 2 and 9 above. Enter the **smaller** of the two amounts here and on Form 1040, line 21b . . . . . 10. _____

***Note:*** *If part of your benefits are taxable for 1990* ***AND*** *they include benefits paid in 1990 that were for an earlier year, you may be able to reduce the taxable amount shown on the worksheet. Get Pub. 915 for details.*

## Adjustments to Income
## Lines 24a and 24b

### Individual Retirement Arrangement (IRA) Deduction

Read the instructions below to see if you can take an IRA deduction and, if you can, which worksheet to use to figure it. Enter your IRA deduction on line 24a. If you file a joint return, enter your spouse's deduction on line 24b. You should receive a statement by May 31, 1991, that shows all contributions to your IRA for 1990.

If you were age 70 ½ or older at the end of 1990, you cannot deduct any contributions made to your IRA for 1990 or treat them as nondeductible contributions.

***Note:** If you file **Form 2555,** Foreign Earned Income, get **Pub. 590** to figure your IRA deduction.*

### Were You Covered by an Employer Retirement Plan?

If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, Keogh, SEP, etc.) at work or through self-employment in 1990, your IRA deduction may be reduced or eliminated. But you can still make contributions to an IRA even if you can't deduct them. In any case, the income earned on your IRA contributions is not taxed until it is paid to you.

The "Pension plan" box in Box 6 of your Form W-2 should be checked if you were covered by a plan. This box should be checked even if you were not vested in the plan. You are also covered by a plan if you are self-employed and have a Keogh retirement plan.

***Note:** If you were covered by a retirement plan and you file **Form 8815,** Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, get Pub. 590 to figure the amount, if any, of your IRA deduction.*

**Special Rule for Married Individuals Who File Separate Returns.** If you were not covered by a retirement plan but your spouse was, **you** are considered covered by a plan if you lived with your spouse at any time in 1990. See the chart on this page to find out if you can take a deduction, and, if you can, which worksheet to use.

**Not Covered by a Retirement Plan.** If you (and your spouse if filing a joint return) were not covered by a plan at work, use **Worksheet 1** to figure your deduction.

**Covered by a Retirement Plan.** If you (or your spouse if filing a joint return) were covered by a plan at work, see the chart on this page. It will tell you if you can take a deduction and, if you can, which worksheet to use.

**Nondeductible Contributions.** You can make nondeductible contributions to your IRA. You can do this even if you are allowed to deduct part or all of your contributions. Your nondeductible contribution is the difference between the total allowable contributions to your IRA and the amount you deduct.

**Example.** You file as single and paid $2,000 into your IRA. You were covered by a retirement plan and your modified AGI is over $35,000 (all wages). You can't deduct the $2,000. But you can treat it as a nondeductible contribution.

Use **Form 8606** to report all contributions you treat as nondeductible. Also use it to figure the basis (nontaxable part) of your IRA. If you and your spouse each make nondeductible contributions, each of you must complete a separate Form 8606.

**Read the following list before you fill in your worksheet.**

- You will first need to complete Form 1040 through line 23, lines 25 through 29, and figure any write-in amount included on line 30, to figure your IRA deduction and, if applicable, nondeductible contributions.
- If you made contributions to your IRA in 1990 that you deducted for 1989, **do not** include them in the worksheet.
- If you make contributions to your IRA in 1991 (by April 15) for 1990, be sure to include them in the worksheet.
- Your IRA deduction can't be more than the total of your wages and other earned income.
- If the total of your IRA deduction on Form 1040 plus any nondeductible contribution on your Form 8606 is less than your total IRA contributions for 1990, see Pub. 590 for special rules.
- You must file a joint return to deduct contributions to your nonworking spouse's IRA. A **nonworking spouse** is one who had no wages or other earned income in 1990, or a working spouse who chooses to be treated as having no earned income for figuring the deduction.
- Do not include rollover contributions in figuring your deduction. See the instructions for lines 16a and 16b on page 14 for more details on rollover contributions.
- Do not include trustee's fees that were billed separately and paid by you for your IRA. These fees can be deducted only as an itemized deduction on Schedule A.
- Alimony payments received under certain divorce or separation instruments are considered earned income for purposes of the IRA deduction. See Pub. 590.
- If you were married and both spouses worked and both had IRAs, figure each spouse's deduction separately.

***Note:** In the chart below, **modified AGI** (adjusted gross income) is the amount on Form 1040, line 23, minus the total of any deductions claimed on Form 1040, lines 25 through 29, and any write-in amount included on line 30.*

**If you** (or your spouse if filing a joint return) **were covered by a retirement plan* and—**

| Your filing status is: | and your modified AGI is: | You can take: |
|---|---|---|
| Single, Head of household, or Married filing separately and did **not** live with your spouse in 1990 | $25,000 or less | Full IRA deduction (use **Worksheet 1** on this page) |
| | Over $25,000 but less than $35,000 | Partial IRA deduction (use **Worksheet 2** on page 18) |
| | $35,000 or more | No IRA deduction (see Nondeductible Contributions) |
| Married filing jointly or Qualifying widow(er) with dependent child | $40,000 or less | Full IRA deduction (use **Worksheet 1** on this page) |
| | Over $40,000 but less than $50,000 | Partial IRA deduction (use **Worksheet 2** on page 18) |
| | $50,000 or more | No IRA deduction (see Nondeductible Contributions) |
| Married filing separately and lived with your spouse in 1990 | Over -0- but less than $10,000 | Partial IRA deduction (use **Worksheet 2** on page 18) |
| | $10,000 or more | No IRA deduction (see Nondeductible Contributions) |

** If married filing separately and you were not covered by a plan but your spouse was, **you** are considered covered by a plan if you lived with your spouse at any time in 1990.*

### IRA Worksheet 1 (Keep for your records)

| | | |
|---|---|---|
| 1. | Enter IRA contributions you made for 1990, but **do not** enter more than $2,000 | |
| 2. | Enter your wages and other earned income from Form 1040, minus any deduction you claim on Form 1040, lines 25 and 27. (Do not include your spouse's income and do not reduce your wages by losses from self-employment.) | |
| 3. | Compare the amounts on lines 1 and 2. Enter the **smaller** of the two amounts on line 3. Enter on Form 1040, line 24a or 24b, whichever applies, the amount on line 3 you choose to deduct. If contributions were made to your nonworking spouse's IRA, go to line 4 | |
| | **Nonworking spouse's IRA** | |
| 4. | Compare the amount on line 2 to $2,250. Enter the **smaller** of the two amounts | |
| 5. | Enter the amount from line 3 | |
| 6. | Subtract line 5 from line 4. Enter the result | |
| 7. | Enter IRA contributions made for 1990 for your nonworking spouse, but **not more than** $2,000 | |
| 8. | Compare the amounts on lines 6 and 7. Enter the **smaller** of the two amounts on line 8. Enter on Form 1040, line 24b, the amount on line 8 you choose to deduct | |

**IRA Worksheet 2** (Keep for your records)

1. If you checked Filing Status box: 1 or 4, enter $35,000; 2 or 5, enter $50,000; 3, enter $10,000 ($35,000 if you did **not** live with your spouse at any time in 1990) _____
2. Enter the amount from Form 1040, line 23 . . . . . _____
3. Add amounts on Form 1040, lines 25 through 29, and any write-in amount included on line 30 . . _____
4. Subtract line 3 from line 2. If this amount is equal to or larger than the amount on line 1, none of your IRA contributions are deductible. Stop here. If you want to make a nondeductible IRA contribution, see Form 8606 _____
5. Subtract line 4 from line 1. Enter the result. **If the result is $10,000 or more, stop here and use Worksheet 1.** . . . _____
6. Multiply the amount on line 5 by 20% (.20). If the result is not a multiple of $10, round it up to the next multiple of $10 (for example, round $490.30 to $500). If the result is $200 or more, enter the result. But if it is less than $200, enter $200. Go to line 7. . . . . _____

**Deductible IRA contributions**

7. Enter your wages and other earned income from Form 1040, minus any deduction you claim on Form 1040, lines 25 and 27. (Do not include your spouse's income and do not reduce your wages by losses from self-employment.) . . . . . _____
8. Enter IRA contributions you made for 1990, but **do not** enter more than $2,000 . . . . . _____
9. Enter the **smallest** of lines 6, 7, or 8 here. This is the most you can deduct. Enter on Form 1040, line 24a or 24b, whichever applies, the amount on line 9 you choose to deduct. (If line 8 is more than line 9, go to line 10.) . . . . . _____

**Nondeductible IRA contributions**

10. Subtract line 9 from line 7 or line 8, whichever is **smaller.** Enter the result. Enter on line 2 of your Form 8606 the amount from line 10 you choose to make nondeductible . . . . . _____

**If married filing a joint return and contributions were made to your nonworking spouse's IRA, go to line 11.**

**Deductible IRA contributions for nonworking spouse**

11. Compare the amount on line 7 to $2,250 and enter the **smaller** amount . . . . . _____
12. Add the amount on line 9 to the part of line 10 you choose to make nondeductible . . . . _____
13. Subtract line 12 from line 11. Enter the result. If it is zero or less, stop here. You cannot make deductible or nondeductible IRA contributions for your nonworking spouse . . . . . _____
14. Enter the **smallest** of: **(a)** IRA contributions made for 1990 that are for your nonworking spouse; **(b)** $2,000; or **(c)** the amount on line 13 . . . . . _____
15. Multiply the amount on line 5 by 22.5% (.225). If the result is not a multiple of $10, round it up to the next multiple of $10. If the result is $200 or more, enter the result. But if it is less than $200, enter $200 . . . . . _____
16. Enter the amount from line 9. . _____
17. Subtract line 16 from line 15. Enter the result . . . . . _____
18. Compare the amounts on lines 14 and 17, and enter the **smaller** amount . . . . . _____
19. Compare the amounts on lines 6, 7, and 18 and enter the **smallest** of the three amounts on line 19. This is the most you can deduct. Enter on Form 1040, line 24b, the amount on line 19 you choose to deduct. (If line 14 is more than line 19, go to line 20.) _____

**Nondeductible IRA contributions for nonworking spouse**

20. Subtract line 19 from line 14 and enter the result. Enter on line 2 of your spouse's Form 8606 the amount from line 20 that you choose to make nondeductible . _____

## Line 25

### One-Half of Self-Employment Tax

Beginning in 1990, if you had income from self- employment and you owe self-employment tax, you may deduct one-half of that tax. But you will first need to complete Schedule SE to figure your deduction. Then, enter on Form 1040, line 25, one-half of the self-employment tax shown on line 10 of Schedule SE, Section A or Section B, whichever applies.

## Line 26

### Self-Employed Health Insurance Deduction

If you were self-employed and had a net profit for the year, or, if you received wages in 1990 from an S corporation in which you were a more than 2% shareholder, you may be able to deduct part of the amount paid for health insurance on behalf of yourself, your spouse, and dependents. But you may not take the deduction if you were eligible to participate in any subsidized health plan maintained by your employer or your spouse's employer. For more details, get **Pub. 535**, Business Expenses.

If you qualify to take the deduction, use the worksheet below to figure the amount you can deduct. But, if either of the following applies, do **not** use the worksheet below. Instead, get Pub. 535 to see how to figure your deduction.

- You had more than one source of income subject to self-employment tax.
- You file **Form 2555,** Foreign Earned Income.

**Worksheet for Self-Employed Health Insurance Deduction**
(Keep for your records)

1. Enter the amount paid for health insurance for 1990 for you, your spouse, and dependents . . . _____
2. Percentage used to figure the deduction . . . . . × .25
3. Multiply the amount on line 1 by the percentage on line 2 . . . _____
4. Enter your net profit and any other earned income* from the business under which the insurance plan is established, minus any deductions you claim on Form 1040, lines 25 and 27 . _____
5. Compare the amounts on lines 3 and 4 above. Enter the **smaller** of the two amounts here and on Form 1040, line 26. (DO NOT include this amount in figuring any medical expense deduction on Schedule A (Form 1040)) . . _____

***Earned income** includes net earnings and gains from the sale, transfer, or licensing of property you created. It does not include capital gain income. If you were a more than 2% shareholder in an S corporation, earned income is your wages from that corporation.*

## Line 27

### Keogh Retirement Plan and Self-Employed SEP Deduction

If you are self-employed or a partner, deduct payments to your Keogh (HR 10) plan or SEP on line 27. Deduct payments for your employees on Schedule C or F.

***Caution:** You must be self-employed to claim the Keogh deduction. There are two types of Keogh plans:*

- **A defined-contribution plan** has a separate account for each person. Benefits are based on the amount paid to each account.
- Payments to a **defined-benefit plan** are determined by the funds needed to give a specific benefit at retirement. If you deduct payments to this kind of plan, write "DB" on the dotted line next to line 27.

Get **Pub. 560,** Retirement Plans for the Self-Employed, for more information, including limits on the amount you can deduct.

## Line 28

### Penalty on Early Withdrawal of Savings

The **Form 1099-INT** or, if applicable, **Form 1099-OID** given to you by your bank or savings and loan association will show the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount on line 28. (Be sure to include the interest income on Form 1040, line 8a.)

## Line 29

### Alimony Paid

You can deduct periodic payments of alimony or separate maintenance made under a court decree. You can also deduct payments made under a written separation agreement or a decree for support. Don't deduct lump-sum cash or property

settlements, voluntary payments not made under a court order or a written separation agreement, or amounts specified as child support.

For details, see **Tele-Tax Information** in the index (topic no. 252) or get **Pub. 504,** Tax Information for Divorced or Separated Individuals.

***Caution:*** *You must enter the recipient's social security number in the space provided on line 29. If you don't, you may have to pay a $50 penalty and your deduction may be disallowed.*

If you paid alimony to more than one person, enter the social security number of one of the recipients. Show the social security number(s) and the amount paid to the other recipient(s) on an attached statement. Enter your total payments on line 29.

**Divorce or Separation Instruments Executed After 1984.** Generally, you may deduct any payment made in cash to, or on behalf of, your spouse or former spouse under a divorce or separation instrument executed after 1984 if:

- the instrument does not prevent the payment from qualifying as alimony, **and**
- you and your spouse or former spouse did not live together when the payment was made if you were separated under a decree of divorce or separate maintenance, **and**
- you are not required to make any payment after the death of your spouse or former spouse, **and**
- the payment is not treated as child support.

These rules also apply to certain instruments modified after 1984. Other rules apply if your annual payments decreased by more than $15,000 (more than $10,000 if your divorce or separation instrument was executed in 1985 or 1986). For more details, see Pub. 504.

## Line 30

### Total Adjustments

Add lines 24a through 29 and enter the total on line 30. Also include in the total on line 30 any of the following adjustments.

**Qualified Performing Artists.** If you are a qualified performing artist, include in the total on line 30 your performing-arts related expenses from line 11 of **Form 2106,** Employee Business Expenses. Write the amount and "Form 2106" on the dotted line next to line 30.

**Jury Duty Pay Given to Employer.** If you reported jury duty pay on line 22 and you were required to give your employer any part of that pay because your employer continued to pay your salary while you served on the jury, include the amount you gave your employer in the total on line 30. Write the amount and "Jury pay" on the dotted line next to line 30.

**Forestation/Reforestation Amortization.** If you can claim a deduction for amortization of the costs of forestation or reforestation and you do not have to file Schedule C or Schedule F for this activity, include your deduction in the total on line 30. Write the amount and "Reforestation" on the dotted line next to line 30.

**Repayment of Sub-Pay Under the Trade Act of 1974.** If you repaid supplemental unemployment benefits (sub-pay) that you previously reported in income because you became eligible for payments under the Trade Act of 1974, include in the total on line 30 the amount you repaid in 1990. Write the amount and "Sub-pay TRA" on the dotted line next to line 30. Or, you may be able to claim a credit against your tax instead. Get **Pub. 525,** Taxable and Nontaxable Income, for more details.

## Line 31

### Adjusted Gross Income

If line 31 is less than zero, you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see **Form 1045,** Application for Tentative Refund. If you do not wish to carry back a net operating loss, you may elect to carry the loss over to future years. You must attach the election to your return. For more information, get **Pub. 536,** Net Operating Losses.

## IRS Will Figure Your Tax and Some of Your Credits

If you want us to, we will figure your tax for you. If you have paid too much, we will send you a refund. If you did not pay enough, we'll send you a bill. We won't charge you interest or a late payment penalty if you pay within 30 days of the notice date, or by the due date for your return, whichever is later.

We can figure your tax if you meet **ALL** of the conditions described below:

- All of your income for 1990 was from wages, salaries, tips, interest, dividends, taxable social security benefits, unemployment compensation, IRA distributions, pensions, or annuities.
- You do not itemize deductions.
- You do not file any of the following forms:

**Form 2555,** Foreign Earned Income.

**Form 4137,** Social Security Tax on Unreported Tip Income.

**Form 4970,** Tax on Accumulation Distribution of Trusts.

**Form 4972,** Tax on Lump-Sum Distributions.

**Form 6198,** At-Risk Limitations.

**Form 6251,** Alternative Minimum Tax—Individuals.

**Form 8615,** Tax for Children Under Age 14 Who Have Investment Income of More Than $1,000.

**Form 8814,** Parent's Election To Report Child's Interest and Dividends.

- Your taxable income (line 37) is not more than $50,000.
- You (and your spouse if you are filing a joint return) sign and date your return and mail it by April 15, 1991.
- You do not want any of your refund applied to next year's estimated tax.
- You give us enough information so that we can figure the tax. Please read the following instructions:

**a.** Fill in the parts of your return through line 37 that apply to you.

**b.** Read lines 39 through 62. Fill in the lines that apply to you, but do not fill in the Total lines. Please be sure to fill in line 55 for Federal income tax withheld. See the instructions below if you want us to figure your credit for the elderly or the disabled, or earned income credit.

**c.** If you are filing a joint return, use the space under the words "Adjustments to Income" on the front of your return to show your taxable income and your spouse's taxable income separately.

**d.** Fill in any forms or schedules asked for on the lines you completed, and attach them to the return when you file it.

**We will figure the following credits too.**

***Credit for the Elderly or the Disabled.*** If you can take this credit, attach **Schedule R** to your return and write "CFE" on the dotted line next to line 42.

Check the box on Schedule R for your filing status and age, and fill in lines 11 and 13 of Part III if applicable. Also complete Part II if applicable.

***Earned Income Credit (EIC).*** Answer the questions that begin on page 23 to see if you can take this credit. If you can, write "EIC" on the dotted line next to line 57.

## Tax Computation Lines 33a through 33c

**Line 33a.** If you were age 65 or older or blind, check the appropriate boxes on line 33a. If you were married and checked the box on line 6b on page 1 of Form 1040 and your spouse was 65 or older or blind, also check the appropriate boxes for your spouse.

**Age.** If you were 65 or older on January 1, 1991, check the "65 or older" box on your 1990 return.

**Blindness.** If you were completely blind as of December 31, 1990, attach a statement to your return describing this condition.

If you were partially blind, you must attach a certified statement from your eye doctor that:

- You can't see better than 20/200 in your better eye with glasses or contact lenses, or
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, attach a certified statement to this effect. If you attached this statement in a prior year, attach a note saying that you have already filed a statement.

**Line 33b.** If your parent (or someone else) can claim you as a dependent, check the box on line 33b. If you do not itemize your deductions, be sure to use the **Standard Deduction Worksheet for Dependents** on page 20 to figure the amount to enter on line 34.

**Line 33c.** Check this box if your spouse itemizes deductions on a separate return or if you are a dual-status alien. If you were a dual-status alien and you file a joint return with your spouse who was a U.S. citizen or resident at the end of 1990 and you and your spouse agree to be taxed on your combined worldwide income, **do not** check the box.

If you check this box, you **cannot** take the standard deduction. If you have any itemized deductions such as state and local income taxes or interest, your Federal income tax will be less if you itemize your deductions.

## Line 34

### Standard Deduction OR Itemized Deductions

You must decide whether to take the standard deduction or itemize your actual deductions for charitable contributions, medical expenses, interest, taxes, etc. Your Federal income tax will be less if you take the **larger** of:

- your standard deduction (figured below), or
- your total itemized deductions reportable on **Schedule A** (Form 1040).

The standard deduction has increased for most people. Even if you itemized last year, be sure to see if the standard deduction will benefit you in 1990.

***Caution:*** *If you are married filing a separate return and your spouse itemizes deductions, or if you are a dual-status alien (you checked the box on* ***line 33c****), you* ***cannot*** *take the standard deduction, even if you were 65 or older or blind.*

**If you take the standard deduction,** find the correct amount for you and enter it on line 34.

**If you itemize your deductions,** check the box on line 34. Complete and attach Schedule A and enter on Form 1040, line 34, the amount from Schedule A, line 27.

**Itemizing for State Tax Purposes.** If you itemize even though your itemized deductions are less than the amount of your standard deduction, write "IE" (itemized elected) on the dotted line next to line 34.

### Standard Deduction Chart for Most People

DO NOT use this chart if you were 65 or older or blind OR if someone can claim you as a dependent.

| If your filing status is: | Your standard deduction is: |
|---|---|
| Single | $3,250 |
| Married filing joint return or Qualifying widow(er) with dependent child | $5,450 |
| Married filing separate return | $2,725 |
| Head of household | $4,750 |

### Standard Deduction Chart for People Age 65 or Older or Blind

If someone can claim you as a dependent, use the worksheet below, instead.

Enter the number from the box on line 33a of Form 1040 ▶ ☐ **Caution:** Do not use the number of exemptions from line 6e.

| If your filing status is: | and the number in the box above is: | Your standard deduction is: |
|---|---|---|
| Single | 1 | $4,050 |
| | 2 | 4,850 |
| Married filing joint return or Qualifying widow(er) with dependent child | 1 | $6,100 |
| | 2 | 6,750 |
| | 3 | 7,400 |
| | 4 | 8,050 |
| Married filing separate return | 1 | $3,375 |
| | 2 | 4,025 |
| | 3 | 4,675 |
| | 4 | 5,325 |
| Head of household | 1 | $5,550 |
| | 2 | 6,350 |

### Standard Deduction Worksheet for Dependents (Keep for your records)

Use this worksheet ONLY if someone can claim you as a dependent.

1. Enter your **earned income** (defined below). If none, enter -0- . . . . . 1. _____
2. Minimum amount . . . . . 2. $500
3. Compare the amounts on lines 1 and 2. Enter the **larger** of the two amounts here . . . . . 3. _____
4. Enter on line 4 the amount shown below for your filing status:
   - Single, enter $3,250
   - Married filing a separate return, enter $2,725
   - Married filing a joint return or Qualifying widow(er) with dependent child, enter $5,450
   - Head of household, enter $4,750

   . . . . . 4. _____
5. **Standard deduction.**
   a. Compare the amounts on lines 3 and 4. Enter the **smaller** of the two amounts here. If under 65 and not blind, stop here and enter this amount on Form 1040, line 34. Otherwise, go to line 5b . . . . . 5a. _____
   b. If 65 or older or blind, multiply $800 ($650 if married filing a joint or separate return, or qualifying widow(er) with dependent child) by the number on Form 1040, line 33a. Enter the result . . . . . 5b. _____
   c. Add lines 5a and 5b. Enter the total here and on Form 1040, line 34 . . . . . 5c. _____

***Earned income*** *includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amount(s) you reported on Form 1040, lines 7, 12, and 19, minus any deduction you claim on line 25.*

## Line 38

### Tax

To figure your tax, use one of the following methods.

**Tax Table.** If your taxable income is less than $50,000, you **MUST** use the Tax Table to find your tax, unless you are required to use **Form 8615** (see below). Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount on line 38.

**Tax Rate Schedules.** You must use the Tax Rate Schedules to figure your tax if your taxable income is $50,000 or more.

**Form 8615.** Form 8615 must generally be used to figure the tax for any child who was under age 14 on January 1, 1991, and who had more than $1,000 of investment income (such as taxable interest or dividends). However, if neither of the child's parents was alive on December 31, 1990, do not use Form 8615 to figure the child's tax.

***Note:** If you are filing **Form 8814,** Parent's Election To Report Child's Interest and Dividends, include in your total for line 38 the tax from Form 8814, line 8. Also enter that tax in the space provided next to line 38.*

## Line 39

### Additional Taxes

Check the box(es) on line 39 to report any additional taxes from:

**Form 4970,** Tax on Accumulation Distribution of Trusts, or

**Form 4972,** Tax on Lump-Sum Distributions.

# Credits

## Line 41

### Credit for Child and Dependent Care Expenses

You may be able to take a credit on line 41 for payments you made for child and disabled dependent care expenses while you (and your spouse if you were married) worked or looked for work. But you must have had income from a job or through self-employment to do so.

The credit is allowed if you kept up a home that included a child **under age 13** or your dependent or spouse who could not care for himself or herself. Use **Form 2441** to figure the credit. To take the credit, you must show on Form 2441 the name, address, and identifying number of the person or organization who provided the care. You may use **Form W-10** to get this information from the care provider. For more details, including special rules that apply to divorced or separated parents, see Form 2441 and its instructions, and **Pub. 503,** Child and Dependent Care Expenses.

***Note:** If someone cared for your child or disabled dependent in your home, both you and the employee may have to pay a share of the social security tax on the employee's wages. You may also have to pay Federal unemployment tax, which is for your employee's unemployment insurance. For more details, get **Pub. 926,** Employment Taxes for Household Employers.*

## Line 42

### Credit for the Elderly or the Disabled

You may be able to take this credit and reduce your tax if, by the end of 1990, you were:

- age 65 or older, or
- under age 65, you retired on **permanent and total** disability, and you had taxable disability income in 1990.

Even if you meet one of the above conditions, you generally cannot take the credit if you are:

- Single and the amount on Form 1040, line 32, is $17,500 or more; or you received $5,000 or more of nontaxable social security or other nontaxable pensions.
- Married filing a joint return, only one spouse is eligible for the credit, and the amount on Form 1040, line 32, is $20,000 or more; or you received $5,000 or more of nontaxable social security or other nontaxable pensions.
- Married filing a joint return, both spouses are eligible for the credit, and the amount on Form 1040, line 32, is $25,000 or more; or you received $7,500 or more of nontaxable social security or other nontaxable pensions.
- Married filing a separate return, you did not live with your spouse all year, and the amount on Form 1040, line 32, is $12,500 or more; or you received $3,750 or more of nontaxable social security or other nontaxable pensions.

For more information, see the separate instructions for Schedule R and **Pub. 524,** Credit for the Elderly or the Disabled. If you want IRS to figure the credit for you, see **IRS Will Figure Your Tax and Some of Your Credits** on page 19.

## Line 43

### Foreign Tax Credit

**Form 1116** explains when you can take this credit for payment of income tax to a foreign country. Also get **Pub. 514,** Foreign Tax Credit for Individuals.

## Line 44

### General Business Credit

Complete line 44 if you can take any of the following credits. If you have two or more of these credits, a credit carryforward, or a general business credit from a passive activity, you must also complete **Form 3800** to figure the total credit. Enter on line 44 the amount from Form 3800. Also be sure to check Box **a** on line 44 for Form 3800. If you have only one credit, enter on line 44 the amount of the credit from the form. Also, check Box **b** on line 44 and write in the form number for that credit.

**Form 3468, Investment Credit.** This credit was generally repealed for property placed in service after 1985. For exceptions, see Form 3468.

**Form 5884, Jobs Credit.** If you are a business employer who hires people who are members of special targeted groups, you may qualify for this credit. Use Form 5884 to figure the credit.

**Form 6478, Credit for Alcohol Used as Fuel.** If you sell straight alcohol (or an alcohol mixture) at retail or use it as fuel in your trade or business, you may be able to take a credit for the alcohol used as fuel. Use Form 6478 to figure the credit. For more details, get **Pub. 378,** Fuel Tax Credits and Refunds.

**Form 6765, Credit for Increasing Research Activities.** You may be able to take a credit for research and experimental expenditures paid or incurred in carrying on your trade or business. Use Form 6765 to figure the credit.

**Form 8586, Low-Income Housing Credit** and **Schedule A (Form 8609),** Annual Statement. If you owned a building that was part of a low-income housing project, you may be able to take this credit. Use Form 8586 and Schedule A (Form 8609), to figure the credit. Also complete and attach **Form 8609,** Low-Income Housing Credit Allocation Certificate.

## Line 45

### Credit for Prior Year Minimum Tax

You may be able to take this credit if you paid alternative minimum tax in 1987, 1988, or 1989. Get **Form 8801,** Credit for Prior Year Minimum Tax, to see if you qualify for the credit. Also get **Pub. 909,** Alternative Minimum Tax for Individuals, for more information.

## Line 46

Add amounts on lines 41 through 45 and enter the total on line 46. Also include in the total on line 46 any of the following credits.

**Mortgage Interest Credit.** You may be able to take a credit for part of the interest you paid on your home mortgage if you were issued a mortgage credit certificate by a state or local government under a qualified mortgage credit certificate program to buy, rehabilitate, or make improvements to your main home. You must complete and attach **Form 8396,** Mortgage Interest Credit, to figure the amount of the credit to include in your total for line 46. Write the amount and "MIC" (mortgage interest credit) on the dotted line next to line 46.

For more details, get **Pub. 530,** Tax Information for Homeowners.

**Credit for Fuel From a Nonconventional Source.** A credit is allowed for the sale of qualified fuels produced from a nonconventional source. See I.R. Code section 29 for a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule showing how you figured the credit. Include the credit in the total for line 46. Write the amount and "FNS" on the dotted line next to line 46.

# Other Taxes

## Line 48

### Self-Employment Tax

If you had self-employment income in 1990, and earned under $51,300 in wages from which social security tax or railroad retirement (RRTA) tax was withheld, you may have to pay self-employment tax. Please see **Schedule SE** (Form 1040) and its instructions. If you have to pay self-employment tax, enter the amount from Schedule SE.

## Line 49

### Alternative Minimum Tax

The tax law gives special treatment to some kinds of income and allows special deductions and credits for some kinds of expenses. If you benefit from these provisions, you may have to pay at least a minimum amount of tax through the alternative minimum tax. This tax is figured on **Form 6251.**

To see if you should complete Form 6251, add to your adjusted gross income from line 32 all adjustments and tax preference items that apply to you (see the list below). If the total is more than the dollar amount shown below for your filing status, fill out Form 6251.

- $40,000 if married filing jointly or qualifying widow(er) with dependent child.
- $30,000 if single or head of household.
- $20,000 if married filing separately.

**Adjustment and Tax Preference Items:**

**1.** Accelerated depreciation.

**2.** Amortization of certified pollution-control facilities.

**3.** Income from the exercise of incentive stock options figured under I.R. Code section 83 in excess of the amount actually reported on your return.

**4.** Tax-exempt interest from private activity bonds (including exempt-interest dividends from a regulated investment company to the extent derived from private activity bonds).

**5** Intangible drilling costs.

**6.** Depletion.

**7.** Circulation and research and experimental expenditures.

**8.** Mining exploration and development costs.

**9.** Tax shelter farm losses.

**10.** Passive activity losses.

**11.** Income from long-term contracts figured under the percentage of completion method in excess of the amount actually reported on your return.

**12.** Installment sales of certain property.

***Note:** A child under age 14 may owe the alternative minimum tax if the total of the child's adjusted gross income from line 32 plus the above items is more than the sum of $1,000 plus the child's earned income.*

## Line 50

### Recapture Taxes

You may owe the tax computed on **Form 4255,** Recapture of Investment Credit, if you disposed of investment credit property or changed its use before the end of its useful life or recovery period. See Form 4255 for details. If you owe this tax, check Box **a** and enter any tax due on line 50.

If you disposed of property (or there was a reduction in the qualified basis of the property) on which you took the low-income housing credit, you may owe the tax computed on **Form 8611,** Recapture of Low-Income Housing Credit. See Form 8611 for more information. If you owe this tax, check Box **b** and enter any tax due on line 50.

## Line 51

### Social Security Tax on Tip Income Not Reported to Employer

If you received tips of $20 or more in any month and you did not report the full amount to your employer, or your W-2 form(s) shows allocated tips that you must report in income, you must pay the social security or railroad retirement (RRTA) tax on the unreported tips. If you reported the full amount to your employer but the social security or RRTA tax was not withheld, you must pay it unless the rules discussed under **Uncollected Employee Social Security and RRTA Tax on Tips** (line 54) apply.

To figure the amount of social security tax on the tips, complete **Form 4137,** Social Security Tax on Unreported Tip Income, and attach it to your Form 1040. Enter the tax on line 51.

To determine the amount of RRTA tax on the tips, contact your nearest Railroad Retirement Board office. Enter the tax on line 51. Write "RRTA" on the dotted line next to line 51.

Be sure all your tips are reported as income on Form 1040, line 7.

***Caution:** You may be charged a penalty equal to 50% of the social security tax due on tips you received and did not report to your employer.*

## Line 52

### Tax on Qualified Retirement Plans (Including IRAs)

You may owe this tax if any of the following applies:

**1.** You received any early distributions from a qualified pension plan (such as your IRA), qualified annuity plan, or tax-sheltered annuity plan.

**2.** You received any excess distributions from a plan mentioned in **1** above.

**3.** You made excess contributions to your IRA.

**4.** You had excess accumulations in a qualified pension plan (including an IRA).

**5.** You received any amount under a modified endowment contract entered into after June 20, 1988.

If any of the above applies, get **Form 5329** and its instructions to see if you owe this tax. Enter the tax from Form 5329 on Form 1040, line 52.

***Caution:** Be sure to include in income on line 16 or line 17, whichever applies, any early distributions you received from qualified retirement plans.*

## Line 53

### Advance Earned Income Credit Payments

Enter the total amount of advance earned income credit payments you received. These payments should be shown in Box 8 of your Form(s) W-2.

***Note:** See the instructions for line 57 to figure the earned income credit you can actually take.*

## Line 54

### Total Tax

Add lines 47 through 53. Put the total on line 54. Also include in the total on line 54 any of the following that applies.

**Section 72 (m)(5) Excess Benefits Tax.** If you are or were a 5% owner of a business and you received a distribution of excess benefits from a qualified pension or annuity plan, you may have to pay a penalty tax of 10% of the distribution. Get **Pub. 560,** Retirement Plans for the Self-Employed, for more details.

Include the amount of the penalty in your total for line 54. Write the amount and "Section 72(m)(5)" on the dotted line next to line 54.

**Uncollected Employee Social Security and RRTA Tax on Tips.** If you did not have enough wages to cover the social security tax or railroad retirement (RRTA) tax due on tips you reported to your employer, the amount of tax due will be shown on your Form W-2. Include that amount in the total on line 54. Write the amount and "Uncollected Tax on Tips" on the dotted line next to line 54.

**Golden Parachute Payments.** Golden parachute payments are certain payments made by a corporation to key employees to compensate them if control of the corporation changes. If you received an excess parachute payment (EPP), you must pay a tax equal to 20% of this excess payment. Write the amount and "EPP" on the dotted line next to line 54.

If you received a **Form W-2** that includes a parachute payment, the amount of tax on any excess payment should be identified with code **K** in Box 17 of Form W-2. (Box 9 of Form W-2 should also include any amount withheld for this tax.) Include the amount from Box 17 in the total for line 54. Write the amount and "EPP" on the dotted line next to line 54.

If you received a **Form 1099-MISC** that includes a parachute payment, any excess payment will be separately identified on the form. Multiply the excess payment by 20% to figure the amount to include in the total for line 54. Write the amount and "EPP" on the dotted line next to line 54.

# Payments

## Line 55

### Federal Income Tax Withheld

Add the amounts shown as Federal income tax withheld on your **Forms W-2, W-2G, W-2P,** and **1099-R.** Enter the total on line 55. The amount of Federal income tax withheld should be shown in Box 9 of Form W-2, Box 2 of Form W-2G, Box 11 of Form W-2P, and Box 4 of Form 1099-R. If line 55 includes amounts withheld as shown on Form 1099-R, check the box on line 55.

**Backup Withholding.** If you were subject to backup withholding on dividends, interest income, or other income you received during 1990, include the amount withheld in the total on line 55. This should be shown in Box 2 of Form 1099-DIV and in Box 4 of the other 1099 forms. Be sure to check the box on line 55.

## Line 56

### 1990 Estimated Tax Payments

Enter on this line any payments you made on your estimated Federal income tax (**Form 1040-ES**) for 1990. Include any overpayment

from your 1989 return that you applied to your 1990 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you can claim all of the amount paid. Or you can each claim a part of it. Get **Pub. 505,** Tax Withholding and Estimated Tax, for more information on how to divide your payments. Please be sure to show both social security numbers in the space provided on the separate returns. If you or your spouse paid separate estimated tax, but you are now filing a joint income tax return, add the amounts you each paid. Follow these instructions even if your spouse died in 1990.

**Divorced Taxpayers.** If you were divorced during 1990 and you made joint estimated tax payments with your former spouse, enter your former spouse's social security number in the space provided on the front of Form 1040.

If you were divorced and remarried in 1990, enter your present spouse's social security number in the space provided on the front of Form 1040. Also, under the bold heading "Payments" to the left of line 56, enter your former spouse's social security number, followed by "DIV."

**Name Change.** If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 1040 explaining all the payments you and your spouse made in 1990, the Service Center where you made the payments, and the name(s) and social security number(s) under which you made the payments.

## Line 57

### Earned Income Credit

The earned income credit is a special credit that can help some people who have a child. The credit can be as much as $953. If you can take the earned income credit, you can subtract it from the tax you owe. You can get a refund of the credit even if you don't owe any tax.

To see if you can take the earned income credit, answer the questions that begin on this page. But if you file **Form 2555,** Foreign Earned Income, you cannot take the credit.

If you want IRS to figure the credit for you, see **IRS Will Figure Your Tax and Some of Your Credits** on page 19.

For more details about the credit, get **Pub. 596,** Earned Income Credit.

***Note:*** *You must file a return if you got advance earned income credit (AEIC) payments in 1990. You must report these payments on line 53. You may be able to get AEIC payments in 1991 by filing* ***Form W-5*** *with your employer.*

**Earned income includes:**

- Wages, salaries, and tips.
- Union strike benefits.
- Certain disability pensions.
- Basic quarters and subsistence allowances from the U.S. military.
- Earnings from self-employment—this is usually the amount shown on Schedule SE (Form 1040), Section A, line 3, or Section B, line 3, minus any deduction you claimed on Form 1040, line 25. If you were a "statutory employee" and you reported your income and expenses on Schedule C, earned income includes the amount on Schedule C, line 29.
- Anything else of value (money, goods, or services) you get from your employer for services you performed even if it is not taxable (such as housing allowance or rental value of a parsonage for clergy members and meals and lodging for employees).

**Earned income does not include** items such as interest, dividends, social security and railroad retirement benefits, welfare benefits, nondisability pensions, veterans' benefits, workers' compensation, unemployment compensation (insurance), alimony, or income exempt from self-employment tax as a result of the filing and approval of **Form 4029** (relating to members of certain religious faiths). Earned income also does not include taxable scholarships or fellowships not reported on Form W-2.

**Your Child.** If your filing status is **married filing a joint return** or **qualifying widow(er) with dependent child,** your child means your son, daughter, stepchild, adopted child, a child placed with you by an authorized placement agency for adoption by you, or any other child (such as your grandchild) whom you cared for as your own child for the whole year.

If your filing status is **head of household,** your child means your son, daughter, stepchild, adopted child, or a descendant of your son, daughter, or adopted child (for example, your grandchild).

***Note:*** *The earned income credit must be reduced by the alternative minimum tax (Form 1040, line 49). If you owe this tax, subtract it from the amount on line 7 or line 8c of the worksheet on page 24, whichever applies, and enter the result (but not less than zero) on Form 1040, line 57.*

**Questions To See if You Can Take the Earned Income Credit** (Keep for your records)

1. Is your filing status married filing a joint return, head of household, OR qualifying widow(er) with dependent child? . . . . . ☐ Yes ☐ No
2. In 1990, was the total of your taxable and any nontaxable **earned income** (such as military housing allowances) at least $1 but less than $20,264? See the definition of earned income on this page . . ☐ Yes ☐ No
3. Is the amount on Form 1040, line 32, less than $20,264? . . . . ☐ Yes ☐ No
4. Did your child (defined above) live with you in your main home in the U.S. for more than half of 1990 (for all of 1990, if your filing status is qualifying widow(er) with dependent child)? . . . . . ☐ Yes ☐ No

   ***Note:*** *If your child was born, or died, in 1990 and your home was your child's home during the part of 1990 that he or she was alive, your child is considered to have lived with you for the entire year. Your child is also considered to have lived with you for the entire year if in 1990 your child was adopted, was placed with you for adoption, or became your stepchild.*

**If you checked NO** to **any** of the above questions, you may **not** take the earned income credit. Do **not** fill in the worksheet on page 24. Instead, write "No" on Form 1040, line 57.

If you checked **YES** to **all** of the above questions, continue as follows:

| **If your filing status is:** | **Then:** |
|---|---|
| • Married filing a joint return . . . . | Go to question 5 below. |
| • Head of household and your child was **unmarried** . . . . . | You may take the credit. Fill out the worksheet on page 24 to figure it. Also, if your child is not your dependent, be sure to enter your child's name on Form 1040, line 4. |
| • Head of household and your child was **married** . . . . . | Go to question 6 on page 24. |
| • Qualifying widow(er) with dependent child . . . . . | You may take the credit. Fill out the worksheet on page 24 to figure it. |

5. If your filing status is **married filing a joint return**, answer the following:

   **a.** Did you claim your child as your dependent on Form 1040, line 6c? ☐ Yes ☐ No
   - If you checked "Yes," you may take the credit. Fill out the worksheet on page 24 to figure it.
   - If you checked "No," go to question 5b.

   **b.** If you remarried, is your child's other parent claiming him or her under the rules for **Children of Divorced or Separated Parents** on page 11? . . . . . ☐ Yes ☐ No
   - If you checked "Yes," you may take the credit. Fill out the worksheet on page 24 to figure it. Also, enter your child's name on the dotted line next to line 57 on Form 1040.
   - If you checked "No," stop here; you may **not** take the earned income credit. Do **not** fill in the worksheet on page 24. Instead, write "No" on Form 1040, line 57.

6. If your filing status is **head of household** and your child was **married**, answer the following:

a. Did you claim your child as a dependent on Form 1040, line 6c? ☐ Yes ☐ No

- If you checked "Yes," you may take the credit. Fill out the worksheet below to figure it.
- If you checked "No," go to question 6b.

b. Is your child's other parent claiming him or her under the rules for **Children of Divorced or Separated Parents** on page 11? ☐ Yes ☐ No

- If you checked "Yes," you may take the credit. Fill out the worksheet below to figure it. Also, enter your child's name on the dotted line next to line 57 on Form 1040.
- If you checked "No," stop here; you may **not** take the earned income credit. Do **not** fill in the worksheet below. Instead, write "No" on Form 1040, line 57.

## Earned Income Credit Worksheet (Keep for your records)

**If your filing status is single or married filing separately, you may not take the credit. Do not complete this worksheet.**

1. Enter the amount from Form 1040, line 7. Include scholarship or fellowship income only if you received a W-2 form for it . . . . . 1. _____
2. If you received earned income that is not taxable, enter the total amount of that income here. Also enter "NEI" on the dotted line next to line 57 on Form 1040. Do this even if you cannot take the credit . . . . . 2. _____
3. Add lines 1 and 2. Enter the total . . . . . 3. _____
4. If you were self-employed, subtract any deduction you claimed on Form 1040, line 25, from the amount on Schedule SE, Section A, line 3, or Section B, line 3. Enter the result here even if a loss. But, if you use the optional method to figure self-employment tax, see **Pub. 596** for more information before entering an amount on line 4 . . . . . 4. _____

**Note:** *If you were a statutory employee and you reported your income and expenses on Schedule C, include on line 4 the amount from Schedule C, line 29.*

5. **Earned income.** Add lines 3 and 4. But if line 4 is a loss, subtract line 4 from line 3. If this amount is zero or less, or $20,264 or more, stop here; you may **not** take the credit. Otherwise, go to line 6. . . . . 5. _____
6. **Adjusted gross income.** Enter the amount from Form 1040, line 32. If this amount is $20,264 or more, stop here; you may **not** take the credit. Otherwise, go to line 7 or 8, whichever applies . . . . . 6. _____
7. If line 6 is **less than $10,750,** use the amount on line 5 to find the credit in the table that begins on page 58. Enter the credit here and on Form 1040, line 57 . . . . . 7. _____
8. If line 6 is **at least $10,750:**
   a. First, use the amount on line 5 to find the credit in the table that begins on page 58. Enter that amount here . . . . . **8a.** _____
   b. Then, use the amount on line 6 to find the credit in the table. Enter that amount here **8b.** _____
   c. Compare the amounts on lines **8a** and **8b** above. Enter the **smaller** of the two amounts here. Also enter this amount on Form 1040, line 57 **8c.** _____

## Line 58

### Amount Paid With Form 4868 (Extension of Time To File)

If you filed **Form 4868** to get an automatic extension of time to file Form 1040, enter the amount you paid with that form. Also include any amounts paid with **Form 2688** or **Form 2350.**

## Line 59

### Excess Social Security Tax and RRTA Tax Withheld—More Than One Employer

**Excess Social Security Taxes Withheld.** If you had more than one employer for 1990 and your total wages were over $51,300, your employers may have withheld too much social security tax. If so, you can take a credit for the excess amount on line 59. Use the worksheet on this page to figure any excess social security taxes.

If any one employer withheld more than $3,924.45 in social security taxes, you must ask your employer to refund the excess to you. You cannot claim it on your return.

**Excess Railroad Retirement (RRTA) Taxes Withheld.** For 1990 no more than $5,791.35 in RRTA tax should have been withheld from your pay. If any one railroad employer withheld more than that amount, you must ask that employer to refund the excess to you. You cannot claim it on your return.

**Do not** use the worksheet below if you had any RRTA tax withheld from your pay. Instead, get **Pub. 505,** Tax Withholding and Estimated Tax, to figure the amount of any excess RRTA or social security taxes withheld if **either** of the following applies to you:

- You had more than one railroad employer and you paid more than $5,791.35 in RRTA tax in 1990, or
- You had both RRTA tax and social security tax withheld from your wages in 1990 and the total withheld was more than $3,924.45.

***Caution:** If you were a government employee who paid only the 1.45% Medicare (hospital insurance benefits) tax on your government wages, **do not** include on line 1 of the worksheet below the Medicare tax withheld from your government wages. See the instructions for line 61 to see if you can take a credit for excess Medicare tax paid.*

If you are filing a joint return, you must figure excess social security tax withholding separately for each spouse. Do NOT combine amounts of both husband and wife.

### Excess Social Security Taxes Worksheet (Keep for your records)

1. Add all social security tax withheld (but not more than $3,924.45 for each employer). Enter the total here . . . . . _____
2. Enter any uncollected social security tax on tips included in the total on Form 1040, line 54 . _____
3. Add lines 1 and 2 . . . . . _____
4. Social security tax limit . . . . . 3,924.45
5. Subtract line 4 from line 3. Enter the result here and on Form 1040, line 59. . . . . _____

## Line 60

### Credit for Federal Tax on Fuels

If you can take a credit for tax on gasoline, diesel fuel, and other fuels used in your business, or for certain diesel-powered cars, vans, and light trucks, attach **Form 4136.** Enter the credit on line 60.

## Line 61

### Regulated Investment Company Credit

Enter on this line the total amount of the credit from **Form 2439,** Notice to Shareholder of Undistributed Long-Term Capital Gains. Be sure to attach Copy B of Form 2439. Also include on line 61 any Excess Medicare Tax Credit.

**Excess Medicare Tax Credit.** If you were a Federal, state, or local government employee whose wages in 1990 were subject **only** to the 1.45% Medicare (hospital insurance benefits) tax, and you had other social security or RRTA wages that when added to your government wages total more than $51,300, too much Medicare tax may have been withheld. If so, you may take a credit against your income tax. Use **Form 4469** to figure the credit. Include the amount of the credit in your total for line 61. On the dotted line next to line 61, write "Form 4469" and show the amount.

## Line 62

### Total Payments

Add lines 55 through 61 and enter the total on line 62. Also include on this line any credit for overpaid windfall profit tax (OWPT) from **Form 6249.** Write the amount and "OWPT" on the dotted line next to line 62. Be sure to attach Forms 6249 and 6248.

# Refund or Amount You Owe

## Line 63

### Amount Overpaid (If line 62 is more than line 54)

Subtract line 54 from line 62 and enter the result on line 63. If line 63 is under $1, we will send a refund only on written request.

***Note:** If the amount you overpaid is large, you may be able to reduce the amount of income tax withheld from your pay. See **Income Tax Withholding and Estimated Tax Payments for 1991** on page 26.*

**Injured Spouse Claim.** If you file a joint return and your spouse has not paid certain obligations (such as child and spousal support payments and certain Federal debts such as student loans), all or part of the overpayment shown on line 63 may be used to pay the past due amount. But, your part of the overpayment may be refunded to you if **ALL THREE** of the following apply:

1. You are not obligated to pay the past due amount.
2. You received and reported income (such as wages, taxable interest, etc.) on the joint return.
3. You made and reported payments (such as Federal income tax withheld from your wages or estimated tax payments) on the joint return.

If **ALL THREE** of the above conditions apply and you want your part of the overpayment refunded to you, complete **Form 8379,** Injured Spouse Claim and Allocation, and attach it to Form 1040 when you file your return. Write "Injured Spouse" in the upper left corner of Form 1040.

***Note:** If you are filing an injured spouse claim to receive your part of a joint overpayment for a return you have already filed, use only Form 8379 to obtain your refund. Do **not** attach it to Form 1040.*

## Line 65

### Applied to 1991 Estimated Tax

Subtract line 64 from line 63. Enter the result on line 65. This is the amount that will be applied to your estimated tax for 1991. We will apply this amount to your account unless you request us to apply it to your spouse's account. The request should include your spouse's social security number.

## Line 66

### Amount You Owe (If line 54 is more than line 62)

Subtract line 62 from line 54 and enter the result on line 66. This is the amount you owe.

Attach your check or money order for the full amount when you file. If line 66 is under $1, you do not have to pay. **Do not** include any estimated tax payment in your check or money order. Mail any estimated tax payment in a separate envelope from the one you use to pay the tax due on Form 1040.

***Note:** If you owe tax for 1990, you may need to increase the amount of income tax withheld from your pay or make estimated tax payments for 1991. See **Income Tax Withholding and Estimated Tax Payments for 1991** on page 26.*

## Line 67

### Estimated Tax Penalty

If line 66 is at least $500 and it is more than 10% of the tax shown on your return, or you underpaid your 1990 estimated tax liability for any payment period, you may owe a penalty. Get **Form 2210 (Form 2210F** for farmers and fishermen) to see if you owe a penalty and to figure the amount. If you want, IRS will figure the penalty for you and send you a bill. But see **Lowering Your Penalty.**

**How To Avoid the Penalty.** You will not owe the penalty or have to complete Form 2210 (or 2210F) if **either** of the following applies:

1. You had no tax liability for 1989, you were a U.S. citizen or resident for all of 1989, AND your 1989 tax return was for a tax year of 12 full months, or
2. The total of lines 55, 56, 59, and any write-in amount from Form 4469 on line 61 of your 1990 return is at least as much as your 1989 tax liability, AND your 1989 tax return was for a tax year of 12 full months. Your estimated tax payments for 1990 must have been made on time and for the required amount.

**Figuring the Penalty.** If you cannot avoid the penalty and you choose to figure it yourself on Form 2210 (or 2210F), enter the penalty amount on Form 1040, line 67. Do not attach Form 2210 to your return. Add the penalty amount to any tax due and enter the total on line 66. If you are due a refund, subtract the penalty amount from the overpayment you show on line 63.

If you leave line 67 blank, IRS will figure the penalty and send you a bill. We will not begin to charge you interest on the penalty until 10 days after the notice date.

**Lowering Your Penalty.** If any of the conditions below applies to you, you may be able to lower the amount of your penalty. But you must complete and attach Form 2210 (or 2210F) to your return to do so. On the dotted line next to line 67, you must indicate (as explained in the instructions for Form 2210 or 2210F) if any of the following conditions applies to you:

- You claim a waiver, or
- Your income varied during the year and you use the annualized income installment method to figure your required installment payments, or
- You had Federal income tax withheld from your wages and you treat it as being paid when it was actually withheld (instead of in four equal amounts).

For more details, see the instructions for Form 2210 (2210F).

## Sign Your Return

Form 1040 is not considered a valid return unless you sign it. Your spouse must also sign if it is a joint return. Be sure to date your return and show your occupation in the space provided. If you have someone prepare your return for you, you are still responsible for the correctness of the return. If you are filing a joint return with your deceased spouse, see **Death of Taxpayer** on page 26.

**Child's Return.** If your child cannot sign his or her return, sign your child's name in the space provided. Then add "By (your signature), parent for minor child."

**Paid Preparers Must Sign Your Return.** Generally, anyone you pay to prepare your return must sign it. A preparer who signs your return must sign it by hand in the space provided (signature stamps or labels cannot be used) and give you a copy of the return for your records. Someone who prepares your return for you but does not charge you should not sign your return.

## Avoid Common Mistakes

This checklist is to help you make sure your form is filled out correctly. Errors may delay your refund.

1. Are your name, address, and social security number correct on the label? If not, did you correct the label?
2. Did you enter your spouse's social security number in the space provided on page 1 of Form 1040 if you are married filing a joint return and didn't get a label, or you are married filing a separate return?
3. If a child lived with you and the amount on Form 1040, line 31, is under $20,264, did you answer the questions in the instructions for line 57 to see if you can take the earned income credit?
4. If your parent (or someone else) can claim you as a dependent on his or her return, did you check the box on line 33b?
5. If you took the standard deduction, did you enter it on line 34? Also, did you use the correct chart or worksheet on page 20?
6. If you (or your spouse if you checked the box on line 6b) were 65 or older or blind, did you complete line 33a?
7. Did you check your computations (additions, subtractions, etc.)?
8. Did you use the correct filing status and taxable income amount to find your tax in the Tax Table?
9. Did you attach your W-2 form(s) and any other forms? Did you assemble all forms and schedules in the proper order? See **Step 6** on page 8.
10. Did you sign and date Form 1040?

# Section 5—General Information

### Penalties and Interest

**Interest.** We will charge you interest on taxes not paid by their due date, even if an extension of time to file is granted. We will also charge you interest on penalties imposed for failure to file, negligence, fraud, substantial valuation overstatements, and substantial understatements of tax. Interest is charged on the penalty from the due date of the return (including extensions).

**Late Filing of Return.** If you do not file your return by the due date (including extensions), the penalty is usually 5% of the amount due for each month or part of a month your return is late, unless you have a reasonable explanation. If you do, attach it to your return. The penalty cannot usually be more than 25% of the tax due. If your return is more than 60 days late, the minimum penalty will be $100 or the amount of any tax you owe, whichever is smaller.

**Late Payment of Tax.** If you pay your taxes late, the penalty is usually ½ of 1% of the unpaid amount for each month or part of a month the tax is not paid. The penalty cannot be more than 25% of the unpaid amount. It applies to any unpaid tax on the return and to any additional tax shown on a bill not paid within 10 days of the date of the bill. This penalty is in addition to interest charges on late payments.

***Note:*** *If you include interest or either of these penalties with your payment, identify and enter these amounts in the bottom margin of Form 1040, page 2. Do not include the interest or penalty amounts in* ***Amount You Owe*** *on line 66.*

**Penalty for Frivolous Return.** In addition to any other penalties, the law imposes a penalty of $500 for filing a frivolous return. A frivolous return is one that does not contain information needed to figure the correct tax or shows a substantially incorrect tax, because you take a frivolous position or desire to delay or interfere with the tax laws. This includes altering or striking out the preprinted language above the space where you sign.

**Other Penalties.** Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. Get **Pub. 17**, Your Federal Income Tax, for details on some of these penalties.

## Income Tax Withholding and Estimated Tax Payments for 1991

If the amount you owe (line 66) or the amount you overpaid (line 63) is large, you may want to file a new **Form W-4,** Employee's Withholding Allowance Certificate, with your employer to change the amount of income tax to be withheld from your pay. If you go back to work after a period of unemployment, you may be able to reduce your withholding.

In general, you do not have to make estimated tax payments if you expect that your 1991 Form 1040 will show a tax refund or a tax balance due IRS of less than $500. If your total estimated tax (including any alternative minimum tax) for 1991 is $500 or more, get **Form 1040-ES,** Estimated Tax for Individuals. It has a worksheet you can use to see if you have to make estimated tax payments.

For more details, get **Pub. 505,** Tax Withholding and Estimated Tax.

## Do Both the Name and Social Security Number on Your Tax Forms Agree With Your Social Security Card?

If not, your refund may be delayed or you may not receive credit for your social security earnings. If your Form W-2, Form 1099, or other tax document shows an incorrect social security number or name, notify your employer or the form-issuing agent as soon as possible to make sure your earnings are credited to your Social Security record. If the name or number on your social security card is incorrect, call the Social Security Administration toll free at 1-800-234-5772.

## Gift To Reduce the Public Debt

You may make a gift to reduce the public debt. If you wish to do so, enclose a separate check with your income tax return. Make it payable to "Bureau of the Public Debt." You may be able to deduct this gift on your 1991 tax return if you itemize your deductions. Please do not add your gift to any tax you may owe. If you owe tax, include a separate check for that amount payable to "Internal Revenue Service."

## Address Change

If you move, always notify in writing the Internal Revenue Service Center where you filed your last return, or the Chief, Taxpayer Service Division, in your local IRS district office. You can use **Form 8822,** Change of Address, to notify us of your new address. If you move after you file your return and you are expecting a refund, also notify the post office serving your old address. This will help to forward your check to your new address.

## Corresponding With IRS

Be sure to include your social security number in any correspondence with IRS. If you do not include it, it may take us longer to reply.

## How Long Should Records Be Kept?

Keep records of income, deductions, and credits shown on your return, as well as any worksheets used to figure them, until the statute of limitations runs out for that return. Usually this is 3 years from the date the return was due or filed, or 2 years from the date the tax was paid, whichever is later. Also keep copies of your filed tax returns as part of your records. You should keep some records longer. For example, keep property records (including those on your own home) as long as they are needed to figure the basis of the original or replacement property. For more details, get **Pub. 552,** Recordkeeping for Individuals.

## Requesting a Copy of Your Tax Return

If you need a copy of your tax return, use **Form 4506,** Request for Copy of Tax Form. There is a charge of $4.25. If you need tax account information, contact your local IRS office. If you want a printed copy of your account, it will be mailed to you free of charge.

## Substitute Tax Forms

You may not use your own version of a tax form unless it meets the requirements contained in **Pub. 1167** for acceptable privately designed and printed substitute tax forms. You can get Pub. 1167 by writing to the Forms Distribution Center for your state. See the next to the last page of this instruction booklet for the address.

## Amended Return

If you find changes in your income, deductions, or credits after you mail your return, file **Form 1040X,** Amended U.S. Individual Income Tax Return, to change the return you already filed. If you filed a joint return, you may not, after the due date of that return, amend it to file as married filing a separate return. Generally, Form 1040X must be filed within 3 years after the date the original return was filed, or within 2 years after the date the tax was paid, whichever is later. A return filed early is considered filed on the date it was due.

If your return is changed for any reason (for example, as a result of an audit of your return by IRS), it may affect your state income tax return. Contact your state tax agency for more information.

## Death of Taxpayer

If a taxpayer died before filing a return for 1990, the taxpayer's spouse or personal representative may have to file and sign a return for the person who died. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased person's property.

If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

The person who files the return should write **"DECEASED,"** the deceased's name, and the date of death across the top of the tax return.

If your spouse died in 1990 and you did not remarry in 1990, you can file a joint return. You can also file a joint return if your spouse died in 1991 before filing a 1990 return. A joint return should show your spouse's 1990 income before death and your income for all of 1990. Write "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

**Claiming a Refund for a Deceased Person.** If you are a surviving spouse filing a joint return with the deceased, file only the tax return to claim the refund. If you are a court-appointed representative, file the return **AND** attach a copy of the certificate that shows your appointment. All other filers requesting the deceased taxpayer's refund should file the return and attach **Form 1310.**

For more details, see **Tele-Tax Information** in the index (topic no. 158) or get **Pub. 559,** Tax Information for Survivors, Executors, and Administrators.

# Section 6—Instructions for Schedules to Form 1040

## Instructions for Schedule A Itemized Deductions

### Purpose

Some taxpayers should itemize their deductions because they will save money. See **Standard Deduction OR Itemized Deductions** on page 20.

If you itemize, you can deduct part of your medical and dental expenses and unreimbursed employee business expenses, and amounts you paid for certain taxes, interest, contributions, and certain miscellaneous expenses. You may also deduct certain moving expenses and casualty and theft losses.

### Medical and Dental Expenses

### Lines 1 through 4

Before you can figure your total deduction for medical and dental expenses, you must complete Form 1040 through line 32.

You may deduct only that part of your medical and dental expenses that is more than 7.5% of the amount on Form 1040, line 32.

**Line 1.** Enter the total of your medical and dental expenses, after you reduce these expenses by any payments received from insurance or other sources. Include amounts you paid for doctors, dentists, nurses, hospitals, prescription medicine and drugs, or for insulin. Also include the total amount you paid for insurance premiums for medical and dental care, amounts paid for transportation and lodging, and other expenses such as hearing aids, dentures, eyeglasses and contact lenses.

***Caution:*** *If you were self-employed,* ***do not*** *include the amount of any health insurance you deducted on Form 1040, line 26.*

If your insurance company paid your doctor or dentist directly for part of your medical expenses, and you paid only the amount that remained, include in your medical expenses ONLY the amount that you paid.

If you received a reimbursement in 1990 of prior year medical or dental expenses, do not reduce your 1990 expenses by this amount. You must include the reimbursement in income on Form 1040, line 22, if you deducted the medical expenses in the earlier year and the deduction reduced your tax. **Pub. 502** tells you how to figure the amount to include in income.

When you figure your deduction, you may include medical and dental bills you paid for:

- Yourself.
- Your spouse.
- All dependents you claim on your return.
- Your child whom you do not claim as a dependent because of the rules explained on page 11 for **Children of Divorced or Separated Parents.**
- Any person that you could have claimed as a dependent on your return if that person had not received $2,050 or more of gross income or had not filed a joint return.

**Example.** You provided more than half of your mother's support but may not claim her as a dependent because she received $2,050 of wages during 1990. If part of your support was the payment of her medical bills, you may include that part in your medical expenses.

**Examples of Medical and Dental Payments You MAY Deduct**

To the extent you were not reimbursed, you may deduct what you paid for:

- Prescription medicines and drugs, or insulin.
- Medical doctors, dentists, eye doctors, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, and psychoanalysts (medical care only).
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths your doctor ordered.
- Nursing help. If you pay someone to do both nursing and housework, you may deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic costs, and lab fees.
- Medical treatment at a center for drug addicts or alcoholics.
- Medical aids such as hearing aid batteries, braces, crutches, wheelchairs, guide dogs and the cost of maintaining them.
- Lodging expenses (but not meals) paid while away from home to receive medical care in a hospital or a medical care facility that is related to a hospital. **Do not** include more than $50 a night for each eligible person.
- Ambulance service and other travel costs to get medical care. If you used your own car, you may claim what you spent for gas and oil to go to and from the place you received the care; or you may claim 9 cents a mile. Add parking and tolls to the amount you claim under either method.

**Examples of Medical and Dental Payments You MAY NOT Deduct**

- The basic cost of Medicare insurance (Medicare A).

***Note:*** *If you were 65 or older but not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.*

- Life insurance or income protection policies.
- The 1.45% Medicare (hospital insurance benefits) tax withheld from your pay as part of the social security tax or the Medicare tax paid as part of social security self-employment tax.
- Nursing care for a healthy baby. (You may qualify for the child and dependent care credit; get **Form 2441.**)
- Illegal operations or drugs.
- Nonprescription medicines or drugs.
- Travel your doctor told you to take for rest or change.
- Funeral, burial, or cremation costs.

**Pub. 502** has a discussion of expenses that may and may not be deducted. It also explains when you may deduct capital expenditures and special care for handicapped persons.

### Taxes You Paid Lines 5 through 8

**Taxes You MAY Deduct**

**Line 5—State and Local Income Taxes.** Include on this line state and local income taxes that were withheld from your salary and any estimated payments made in 1990, including payments for a prior year. Also include any part of a prior year refund of state or local income taxes that you chose to have credited to your 1990 estimated state or local income taxes. **Do not** reduce your deduction by either of the following:

- Any state and local income tax refund (or credit) you expect to receive for 1990, or
- Any refund of (or credit for) prior year state and local income taxes you actually received in 1990 (see the instructions for Form 1040, line 10).

**Line 6—Real Estate Taxes.** Include taxes that you paid on property you own that was not used for business. **Pub. 530** explains the deductions homeowners may take.

If your mortgage payments include your real estate taxes, do not take a deduction for those taxes until the year the mortgage company actually pays them to the taxing authority.

**Line 7—Other Taxes.** If you had any deductible tax not listed on Schedule A, line 5 or 6 (such as personal property tax, generation-skipping transfer tax on income distributions, or foreign income tax), list the tax and the amount of tax. Enter one total in the total amount column on line 7.

Personal property tax must be based on value alone. For example, if part of the fee you paid for the registration of your car was based on the car's value and part was based on its weight, you may deduct only the part based on the car's value.

If you paid tax to a foreign country or U.S. possession, you may want to take it as a credit instead of a deduction. Get **Pub. 514** for details.

**Taxes You MAY NOT Deduct**

- Federal income and excise taxes.
- Social security and railroad retirement (RRTA) taxes.
- Customs duties.
- Federal estate and gift taxes. (However, see **Expenses NOT Subject to the 2% Limit** on page 30.)
- Certain state and local taxes, including: general sales tax, tax on gasoline, car inspection fees, assessments for sidewalks or other improvements to your property, tax you paid for someone else, and license fees (marriage, driver's, dog, etc.).

### Interest You Paid Lines 9a through 13

Include interest you paid on nonbusiness items only. Whether your interest expense is treated as investment interest, personal

interest, or business interest depends on how and when you used the loan proceeds. Get **Pub. 545**, Interest Expense, for details.

In general, if you paid interest in 1990 that includes amounts that apply to any period after 1990, you may deduct only the amount that applies for 1990.

***Note:*** *If you have a loan agreement that in any way refers to the "Rule of 78's," see Pub. 545.*

**Interest You MAY Deduct**

**Lines 9a and 9b—Home Mortgage Interest.** In most cases, you will be able to deduct all of your home mortgage interest. The following rules apply to any loans secured by your main home, including first and second mortgages, home equity loans, and refinanced mortgages. Whether your home mortgage interest is deductible depends on the date you took out the mortgage, the amount of the mortgage, and your use of its proceeds.

If ALL of your mortgages fit into one or more of categories **a**, **b**, and **c** below, you can deduct all of the interest on those mortgages and report it on Schedule A, line 9a or 9b, whichever applies. If one or more of your mortgages does not fit into any of the categories below, get **Pub. 936,** Limits on Home Mortgage Interest Deduction, to figure the amount of interest you can deduct.

**a. Mortgages you took out on your main home ON or BEFORE October 13, 1987.** These mortgages also include line-of-credit mortgages you had on October 13, 1987, and mortgages you had on October 13, 1987, that you refinanced after that date. But see **Special Rules** below if you refinanced or borrowed additional amounts on a line-of-credit mortgage after October 13, 1987.

**b. Mortgages you took out on your main home AFTER October 13, 1987, to buy, build, or improve your home,** but only if these mortgages plus any mortgages in **a** above totaled $1 million or less throughout 1990. The limit is $500,000 or less if married filing separately.

**c. Mortgages you took out AFTER October 13, 1987, on your main home, OTHER THAN to buy, build, or improve your home,** but only if these mortgages totaled $100,000 or less throughout 1990. The limit is $50,000 or less if married filing separately. An example is a home equity loan you used to pay off credit card bills, to buy a car, or to pay tuition costs.

**Special Rules**

***Refinanced Mortgages.***—If you had a mortgage on your home on October 13, 1987, and refinanced it after that date for no more than the balance of the old mortgage, all of the new mortgage is treated as a mortgage described in **a** above. But, if you refinanced it for more than the balance of the old mortgage, only the part of the new mortgage equal to the amount you owed on the old mortgage at the time you refinanced it is treated as a mortgage described in **a**. The part of the new mortgage that is more than the balance of the old mortgage is a mortgage described in **b** or **c** (or **b** and **c** if a **mixed-use mortgage**—see below).

***Line-of-Credit Mortgages.***—If you had a line-of-credit mortgage on your home on October 13, 1987, and you borrowed additional amounts on this line of credit after that date, the additional amounts borrowed are treated as a mortgage taken out after October 13, 1987, and are subject to the rules under **b** or **c** (or **b** and **c** if a **mixed-use mortgage**—see below).

***Mixed-Use Mortgages.***—If you took out a new mortgage after October 13, 1987 (including refinancing for more than what you owed or borrowing additional amounts on a line-of-credit mortgage you had on October 13, 1987), for purposes described in both **b** and **c** above, you have a mixed-use mortgage. The mortgage proceeds used to buy, build, or improve the home fit into category **b** and the rest of the proceeds fit into category **c**.

***Note:*** *Additional limits apply if the total amount of all mortgages exceeds the fair market value of the home. See Pub. 936.*

***What is a Home?***—A home may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations, including sleeping space and toilet and cooking facilities.

***More Than One Home.***—If you had a main home and a second home, the dollar limits explained in **b** and **c** above apply to the total mortgages on both homes. See Pub. 936 for more information.

**Line 9a.** Enter on line 9a deductible mortgage interest you paid directly, or indirectly, to financial institutions for which you received a **Form 1098,** Mortgage Interest Statement. (If you did not receive a Form 1098, enter the interest on line 9b.)

If you paid $600 or more of mortgage interest, the recipient will generally send you a Form 1098, or similar statement, by January 31, 1991, showing the total interest received from you during 1990. Any points you paid will not be shown.

If you paid more interest to financial institutions than is shown on Form 1098, get Pub. 545 to see if you can deduct the additional interest. If you can, attach a statement explaining the difference and write "See attached" next to line 9a.

***Note:*** *If you qualify for the Mortgage Interest Credit (see instructions for Form 1040, line 46), subtract the amount shown on line 3 of Form 8396 from the total deductible interest you paid on your home mortgage and enter the result on line 9a.*

**Line 9b.** If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 9b.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage, and the other person received the Form 1098, attach a statement to your return showing the name and address of that person. Next to line 9b, write "See attached."

**Line 10—Points.** Generally, points (including loan origination fees) charged **only** for the use of money are deductible over the life of your mortgage.

**Exception.** Points may be deducted in the year paid if the loan was used to **buy or improve your main home,** the loan was secured by that home, the points were paid with funds other than those obtained from the lender, it is customary to charge points in the area where the loan was made, and the points paid did not exceed the points usually charged in that area. This generally does not apply to points paid to refinance your mortgage. For more details, get **Pub. 545.**

**Line 11—Investment Interest.** Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to a passive activity.

Complete and attach **Form 4952,** Investment Interest Expense Deduction, to figure your deduction.

**Exception.** You do not have to file Form 4952 if **ALL** of the following apply:

- Your only investment income was from interest or dividends,
- You have no other deductible expenses connected with the production of the interest or dividends,
- Your investment interest expense is not more than your investment income,
- You have no carryovers of investment interest expense from 1989, and
- You have no passive activity losses.

For more details, get **Pub. 550,** Investment Income and Expenses.

**Lines 12a and 12b—Personal Interest.** For 1990, you can deduct only 10% of personal interest (such as interest paid on car loans and credit cards). Include on line 12a interest you paid on:

- Bank and other general purpose credit cards. Include the finance charge paid as interest if no part of it was for service charges, membership fees, loan fees, credit investigation fees, etc.
- Revolving charge accounts. Include finance charges if they were based on your monthly unpaid balances.
- Your personal note for money you borrowed from a bank, a credit union, or another person.
- Loans on life insurance if you paid the interest in cash and report on the cash basis.
- Installment loans on personal property, such as cars (including a business car used in your capacity as an employee) and appliances.
- Taxes you paid late. Show only the interest; do not include any amount that is considered a penalty. If the tax is deductible, show it under **Taxes You Paid** (lines 5 through 8 of this schedule).

***Note:*** *Special rules apply to interest expense imputed on below-market loans. Get Pub. 545.*

**Interest You MAY NOT Deduct**

Do not include interest paid on your debts by others, such as mortgage interest subsidy payments made by a government agency. Also do not include the interest you paid for:

- Certain loans against your interest in a 401(k) plan or a tax-sheltered annuity plan that were made, renewed, renegotiated, modified, or extended after 1986. (Get **Pub. 575,** Pension and Annuity Income (Including Simplified General Rule), for details.)

- Tax-exempt income. This includes interest on money you borrowed to buy or carry wholly tax-exempt securities. This also includes interest paid to purchase or carry obligations or shares, or to make deposits or other investments, to the extent any interest income received from the investment is tax exempt.
- A loan on life insurance if the interest is added to the loan and you report on the cash basis.
- A debt to buy a single-premium life insurance or endowment contract.
- Any kind of business transaction. (Use Schedule C, E, or F of Form 1040 to deduct business interest expenses.)

Get Pub. 545 for more details.

## Gifts to Charity Lines 14 through 17

You may deduct contributions or gifts you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals. Examples of these organizations are:

- Churches, temples, synagogues, Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys and Girls Clubs of America, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above.
- Veterans' and certain cultural groups.
- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for, or help people who have, arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
- Federal, state, and local governments if the gifts are solely for public purposes.

***Caution:*** *If you contributed to a charitable organization and also received a benefit from it, you may deduct only the amount that is more than the value of the benefit you received. For more information, get* ***Pub. 526,*** *Charitable Contributions.*

If you do not know whether you may deduct what you gave to an organization, check with that organization or with IRS.

**Contributions You MAY Deduct**

Contributions may be in cash (keep canceled checks, receipts, or other reliable written records showing the name of the organization and the date and amount given), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described above. If you drove to and from the volunteer work, you may take 12 cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. (But don't deduct any amounts that were repaid to you.)

**Limit on the amount you may deduct**

Get Pub. 526 to figure the amount of your deduction if any of the following applies:

- Your cash contributions or contributions of ordinary income property are more than 30% of Form 1040, line 32,
- Your gifts of capital gain property to certain organizations are more than 20% of Form 1040, line 32, or
- You gave gifts of property that increased in value or gave gifts of the use of property.

**You MAY NOT Deduct As Contributions**

- Travel expenses (including meals and lodging) while away from home unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
- Political contributions.
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Value of any benefit, such as food, entertainment, or merchandise, that you received in connection with a contribution to a charitable organization.

**Example.** You paid $100 to a charitable organization to attend a fund-raising dinner. To figure the amount of your deductible charitable contribution, subtract the value of the dinner from the total amount you paid. If the value of the dinner was $40, your deductible contribution is $60.

- Cost of raffle, bingo, or lottery tickets.
- Cost of tuition.
- Value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
- Gifts to:

**a.** Individuals.

**b.** Foreign organizations.

**c.** Groups that are run for personal profit.

**d.** Groups whose purpose is to lobby for changes in the laws.

**e.** Civic leagues, social and sports clubs, labor unions, and chambers of commerce.

**Recordkeeping.** If you gave property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record, that shows the organization's name and address, the date and location of the gift, and a description of the property. For each gift of property, you should also keep reliable written records that include:

**a.** How you figured the property's value at the time you gave it. (If the value was determined by an appraisal, you should also keep a signed copy of the appraisal.)

**b.** The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.

**c.** How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.

**d.** Any conditions attached to the gift.

***Note:*** *If your total deduction for gifts of property is over $500, or if you gave less than your entire interest in the property, or you made a "qualified conservation contribution" under section 170(h), your records should contain additional information. Get Pub. 526 for details.*

**Line 14.** Enter the total contributions you made in cash or by check (including out-of-pocket expenses).

**Line 15.** Enter your contributions of property. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale. If the amount of your deduction is more than $500, you must complete and attach **Form 8283,** Noncash Charitable Contributions. If your total deduction is over $5,000, you may also have to get appraisals of the values of the donated property. For this purpose, the "amount of your deduction" means your deduction BEFORE applying any income limitations that could result in a carryover of contributions. See Form 8283 and its instructions for details.

**Line 16.** Enter on line 16 any carryover of contributions that you were not able to deduct in an earlier year because they exceeded your adjusted gross income limit. See Pub. 526 for details on how to figure a carryover.

## Casualty and Theft Losses Line 18

Use line 18 to report casualty or theft losses of property that is not trade or business, income-producing, or rent or royalty property. Complete and attach **Form 4684,** Casualties and Thefts, to figure your loss. Enter on line 18 of Schedule A the amount of loss from Form 4684.

**Losses You MAY Deduct**

You may be able to deduct all or part of each loss caused by theft, vandalism, fire, storm, and car, boat, and other accidents or similar causes. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You may deduct nonbusiness casualty or theft losses only to the extent that—

**a.** the amount of **EACH** separate casualty or theft loss is more than $100, and

**b.** the total amount of **ALL** losses during the year is more than 10% of your adjusted gross income on Form 1040, line 32.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. Get Form 4684 for details.

**Losses You MAY NOT Deduct**

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.

Use line 21 of Schedule A to deduct the costs of proving that you had a property loss. (Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.)

For more details, get **Pub. 547,** Nonbusiness Disasters, Casualties, and Thefts. It also gives information about Federal disaster area losses.

## Moving Expenses Line 19

Employees and self-employed persons (including partners) can deduct certain moving expenses.

You can take this deduction if you moved in connection with your job or business and your new workplace is at least 35 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 35 miles from your old home. If you meet these requirements, see **Tele-Tax Information** in the index (topic no. 304) or **Pub. 521,** Moving Expenses. Complete and attach **Form 3903** to figure the amount of moving expenses to enter on line 19. If you began work at a new workplace outside the United States or its possessions, get **Form 3903F,** Foreign Moving Expenses.

## Miscellaneous Deductions Lines 20 through 26

Most miscellaneous deductions cannot be deducted in full. You must subtract 2% of your adjusted gross income from the total. You figure the 2% limit on line 24.

Generally, the 2% limit applies to job expenses you paid for which you were not reimbursed (line 20). The limit also applies to certain expenses you paid to produce or collect taxable income (line 21). See the instructions for lines 20 and 21 for examples of expenses to claim on these lines.

The 2% limit does not apply to certain other miscellaneous expenses that you may deduct. These expenses can be deducted in full on line 26. The line 26 instructions describe these expenses. Included are deductible gambling losses (to the extent of winnings) and certain job expenses of disabled employees. Get **Pub. 529,** Miscellaneous Deductions, for more information.

**Expenses Subject to the 2% Limit (Lines 20 and 21)**

**Line 20.** Use this line to report job expenses you paid for which you were not reimbursed. In some cases you MUST first fill out **Form 2106,** Employee Business Expenses. Fill out Form 2106 for all your job expenses if:

- You claim any travel, transportation, meal, or entertainment expenses for your job; OR
- Your employer paid you for any of your job expenses reportable on line 20.

If either of the above applies, enter the amount from line 11 of Form 2106 on line 20 of Schedule A.

If you don't have to fill out Form 2106, just list the type and amount of your expenses on the dotted line for line 20. If you need more space, attach a statement showing the type and amount of the expense. Enter one total in the amount space for line 20.

Examples of expenses to include on line 20 are:

- Travel, transportation, meal, or entertainment expenses. (***Note:*** *If you have any of these expenses, you must use Form 2106 for all of your job expenses).*
- Union dues.
- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms your employer said you must have, and which you may not usually wear away from work.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Business use of part of your home but only if you use that part exclusively and on a regular basis in your work and for the convenience of your employer. For details, including limits that apply, see **Tele-Tax Information** in the index (topic no. 309) or **Pub. 587,** Business Use of Your Home.
- Educational expenses you paid that were required by your employer, or by law or regulations, to keep your salary or job. In general, you may also include the cost of keeping or improving skills you must have in your job. For more details, see **Tele-Tax Information** in the index (topic no. 313) or **Pub. 508,** Educational Expenses. Some educational expenses are not deductible. See **Expenses You MAY NOT Deduct.**
- Deduction for repayment of amounts under a claim of right if $3,000 or less.

**Line 21.** Use this line for amounts you paid to produce or collect taxable income, manage or protect property held for earning income, and for tax preparation fees. List the type and amount of each expense on the dotted lines for line 21. If you need more space, attach a statement showing the type and amount of each expense. Enter one total in the amount space for line 21. Examples of these expenses are:

- Tax return preparation fee.
- Safe deposit box rental.
- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (e.g., trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For more information (including limits on the amount you can deduct), see Pub. 529.

**Expenses NOT Subject to the 2% Limit (Line 26)**

Use this line to report miscellaneous deductions that are NOT subject to the 2% AGI limit. Only the expenses listed below can be deducted on line 26:

- Gambling losses to the extent of gambling winnings. Report gambling winnings on Form 1040, line 22.
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Deduction for repayment of amounts under a claim of right if more than $3,000. See Pub. 525.
- Unrecovered investment in a pension.
- Impairment-related work expenses of a disabled person.

List the type and amount of each expense. Enter one total in the amount space for line 26. For more information on these expenses, see Pub. 529.

**Expenses You MAY NOT Deduct**

Some expenses are not deductible at all. Examples are:

- Political contributions.
- Personal legal expenses.
- Lost or misplaced cash or property (but see **Casualty and Theft Losses** on page 29).
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from your regular workplace.
- Education that you need to meet minimum requirements for your job or that will qualify you for a new occupation.
- Expenses of:

**a.** Travel as a form of education.

**b.** Attending a seminar, convention, or similar meeting unless it is related to your employment.

**c.** Adopting a child, including a child with special needs.

- Fines and penalties.
- Expenses of producing tax-exempt income.

# Instructions for Schedule B
## Interest and Dividend Income

### Purpose

Use Schedule B if you are filing Form 1040 and any of the following applies:

- You had over $400 in taxable interest,
- You are claiming the exclusion of interest from series EE U.S. savings bonds issued after 1989,
- You had more than $400 in dividends,
- You had a foreign account, or
- You were a grantor of, or transferor to, a foreign trust.

Part III of the schedule asks you to answer questions about foreign accounts and trusts.

### Part I
### Interest Income Lines 1 through 4

To see what interest income you must report, read the instructions for Form 1040, line 8a, on page 13.

The payer should send you a **Form 1099-INT** or **Form 1099-OID,** if applicable, showing interest you must report. A copy of the form is also sent to IRS. If the total taxable interest from all payers is over $400 or you are claiming the exclusion of interest from series EE U.S. savings bonds issued after 1989, fill in Part I. Also fill in Part III if the total taxable interest is over $400.

**Line 1.** Report on line 1 **ALL** taxable interest that you received or that was credited to your account so you could withdraw it. List each payer's name and show the amount. If you received interest income from an individual based on a take-back mortgage or other form of seller-financing that resulted from the sale of your home or other property, list this interest first. Be sure to show the payer's name.

**Nominees.** If you received interest as a nominee (that is, in your name, but the interest actually belongs to someone else), include on line 1 the nominee interest shown on Form 1099-INT. Also, several lines above line 2, put a subtotal of all interest income listed on line 1. Below this subtotal, write "Nominee Distribution" and show the total interest you received as a nominee. Then, subtract this amount from the subtotal and enter the result on line 2.

***Note:*** *If you received interest as a nominee, you must give the actual owner a* ***Form 1099-INT,*** *unless the owner is your spouse.*

**Accrued Interest.** When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller. If you received a Form 1099 for interest as a purchaser of a bond with accrued interest, follow the rules above under **Nominees** to see how to report the accrued interest on Schedule B. But identify the amount to be subtracted as "Accrued Interest."

**Tax-Exempt Interest.** You should not have received a **Form 1099-INT** for tax-exempt interest. But, if you did, report the interest on line 1. Also, several lines above line 2, put a subtotal of all interest listed on line 1. Below this subtotal, write "Tax-Exempt Interest" and show the amount. Then, subtract this amount from the subtotal and enter the result on line 2. Be sure to also include this tax-exempt interest on Form 1040, line 8b.

**Original Issue Discount (OID).** If you are reporting OID in an amount less than the amount shown on Form 1099-OID, follow the rules above for **Nominees** or **Accrued Interest,** whichever applies, to see how to report the OID on Schedule B. But identify the amount to be subtracted as "OID Adjustment."

**Amortizable Bond Premium.** If you are reducing your interest income on a bond by the amount of amortizable bond premium, report the total interest on the bond on line 1. Also, several lines above line 2, put a subtotal of all interest listed on line 1. Below this subtotal, write "ABP Adjustment" and show the amount. Then, subtract this amount from the subtotal and enter the result on line 2.

**Line 3—Excludable Savings Bond Interest.** If you cashed series EE U.S. savings bonds during 1990 that were issued after 1989 and **ALL THREE** of the following conditions apply, you may be able to exclude part or all of the interest on those bonds.

**1.** The bonds were issued in your name (or, if married, in your name and your spouse's name) and you were age 24 or older before the bonds were issued.

**2.** You paid qualified higher education expenses during 1990 for yourself, your spouse, or your dependents.

**3.** Your filing status is single, married filing a joint return, head of household, or qualifying widow(er) with dependent child.

If you meet **ALL THREE** of the above conditions, get **Form 8815,** Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, to figure the amount of any interest you can exclude. Enter on line 3 the amount from Form 8815, line 14.

## Part II

## Dividend Income Lines 5 through 10

To see what dividend income you must report, read the instructions for Form 1040, line 9, on page 13.

The payer should send you a **Form 1099-DIV** showing dividends you must report. A copy of the form is also sent to IRS. If the total dividends from all payers are over $400, fill in Parts II and III.

**Line 5.** Report on line 5 **ALL** of your dividend income. Include capital gain and nontaxable distributions. They will be deducted on lines 7 and 8. Include cash and the value of stock, property, or merchandise you received as a dividend. If you owned shares in a mutual fund, see **Pub. 564,** Mutual Fund Distributions.

List the payer's name and show the amount of income. If securities are held by a brokerage firm (in "street name"), list the name of the brokerage firm shown on **Form 1099-DIV.**

**Nominees.** If you received dividends as a nominee (that is, in your name, but the dividends actually belong to someone else), include on line 5 the nominee dividends shown on Form 1099-DIV, even if you later distributed some or all of this income to others. Also, several lines above line 6, put a subtotal of all dividends listed on line 5. Below this subtotal, write "Nominee Distribution" and show the total dividends you received as a nominee. Then, subtract this amount from the subtotal and enter the result on line 6.

***Note:*** *If you received dividends as a nominee, you must give the actual owner a* ***Form 1099-DIV,*** *unless the owner is your spouse.*

**Line 7.** Report capital gain distributions on line 7. If you are filing Schedule D, also enter this amount on Schedule D, line 13. If you are not filing Schedule D, also enter this amount on Form 1040, line 14.

**Line 8.** Report nontaxable distributions on line 8. These distributions reduce your basis. For details, see the instructions for Form 1040, line 9, on page 13.

## Part III

## Foreign Accounts and Foreign Trusts Lines 11a through 12

Fill in this part if you had over $400 of interest or dividend income; if you had a foreign financial account; or if you were the grantor of, or transferor to, a foreign trust.

**Lines 11a and 11b.** Check the **Yes** box on line 11a if either **1** or **2** below applies to you.

**1.** At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). **Exception.** Check **No** if any of the following applies to you:

- The combined value of the accounts was $10,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.
- You are an officer or employee of a commercial bank that is supervised by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation; the account is in your employer's name; **AND** you do not have a personal financial interest in the account.
- You are an officer or employee of a domestic corporation with securities listed on national securities exchanges or with assets of more than $1 million and 500 or more shareholders of record; the account is in your employer's name; you do not have a personal financial interest in the account; and the corporation's chief financial officer has given you written notice that the corporation has filed a current report that includes the account.

**2.** You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get **Form TD F 90-22.1** to see if you are considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). You can get the form by writing to the IRS Forms Distribution Center for your state, as shown on the inside back cover.

If you checked the **Yes** box on line 11a, file Form TD F 90-22.1 by June 30, 1991, with the **Department of the Treasury** at the address shown on that form. **Do not** attach Form TD F 90-22.1 to Form 1040.

If you checked the **Yes** box on line 11a, write the name of the foreign country or countries in the space provided on line 11b. Attach a separate sheet if you need more space.

# Instructions for Schedule D

# Capital Gains and Losses

## A Change You Should Note

Use new **Form 8824,** Like-Kind Exchanges, if you made one or more like-kind exchanges. See **Exchange of Like-Kind Property,** on page 33.

## Purpose

Use Schedule D to:

- Report the sale or exchange of a capital asset.
- Report gains from involuntary conversions of capital assets not held for business or profit.
- Reconcile Forms 1099-B you got for bartering transactions. (See Part VI.)
- Make a long-term capital gain election for lump-sum pension plan distributions.

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Use **Form 4797,** Sales of Business Property, instead of Schedule D, to report the following:

- The sale or exchange of trade or business property, depreciable and amortizable property, oil, gas, geothermal, or other mineral property, and section 126 property.
- The involuntary conversion (other than by casualty or theft) of trade or business property and capital assets held for business or profit.
- The disposition of other noncapital assets not mentioned above.

Use **Form 4684,** Casualties and Thefts, to report involuntary conversions of property due to casualty or theft.

Get **Pub. 544,** Sales and Other Dispositions of Assets, and **Pub. 550,** Investment Income and Expenses, for more details.

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**Form 1099-A, Information Return for Acquisition or Abandonment of Secured Property.** If you received a Form 1099-A from your lender, you may have gain or loss to report because of the acquisition or abandonment. See Pub. 544 for details.

### Capital Gain Elections on Lump-Sum Distributions From Qualified Retirement Plans

The amount of a lump-sum distribution that qualifies for capital gain treatment should be shown on Form 1099-R, Box 3. If you qualify to use **Form 4972,** Tax on Lump-Sum Distributions, you can make the 20% capital gain election in Part II of that form. If you do not include the capital gain portion on Form 4972, you can make a long-term capital gain election on Schedule D. To make the election, write "lump-sum distribution" on line 9d, column (a). Enter in column (g) 50% (.50) of the amount from Form 1099-R, Box 3. Enter the remaining amount of the distribution (Form 1099-R, Box 2, minus the amount used on Schedule D) on Form 1040, lines 17a and 17b. However, if you qualify to use Form 4972, you may report the balance on that form instead of Form 1040, lines 17a and 17b.

If you elect to include net unrealized appreciation (NUA) in income, a portion of the amount from Form 1099-R, Box 6, can generally receive capital gain treatment. See Instructions for Form 4972 for details.

### Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets.

A capital asset is any property held by you **except** the following:

**a.** Stock in trade or other property included in inventory or held for sale to customers.

**b.** Accounts or notes receivable you received for services in the ordinary course of your trade or business, or from the sale of any property described in **a**, or for services you performed as an employee.

**c.** Depreciable property used in your trade or business even if it was fully depreciated.

**d.** Real property (real estate) used in your trade or business.

**e.** Copyrights, literary, musical, or artistic compositions, letters or memoranda, or similar property: (1) created by your personal efforts; (2) prepared or produced for you (in the case of letters, memoranda, or similar property); or (3) that you received from someone who created them or for whom they were created, as mentioned in (1) or (2), in a way (such as by gift) that entitled you to the basis of the previous owner.

**f.** U.S. Government publications, including the Congressional Record, that you received from the government, other than by purchase at the normal sales price, or that you got from someone who had received it in a similar way, if your basis is determined by reference to the previous owner's basis.

### Short-Term or Long-Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for long-term capital gains and losses is more than one year. The holding period for short-term capital gains and losses is one year or less.

To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it. Use the trade dates for date acquired and date sold for stocks and bonds traded on an exchange or over-the-counter market.

Generally, a nonbusiness bad debt must be treated as a short-term capital loss. See Pub. 550 under **Nonbusiness Bad Debts** for what qualifies as a nonbusiness bad debt and how to enter it on Schedule D.

### Capital Losses

The amount of capital loss that can be deducted after offsetting capital gains is limited to $3,000 ($1,500 if married filing a separate return).

### Losses That Are Not Deductible

Do not deduct a loss from the direct or indirect sale or exchange of property between any of the following:

- Members of a family.
- A corporation and an individual or a fiduciary owning more than 50% of the corporation's stock (not counting liquidations).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a fiduciary or beneficiary of another trust created by the same grantor.
- An individual and a tax-exempt organization controlled by the individual or the individual's family.
- A partnership and a corporation, if the same taxpayers own directly or indirectly more than 50% of the capital or profits interest in the partnership and corporation.

See Pub. 544 for more details on sales and exchanges between related parties.

If you dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, get Instructions for **Form 6198,** At-Risk Limitations. If the loss is allowable under the at-risk rules, it is then subject to the passive activity rules. Get **Form 8582,** Passive Activity Loss Limitations, and its Instructions to see how to report capital gains and losses from a passive activity.

### Items for Special Treatment and Special Cases

The following items may require special treatment:

- Transactions by a securities dealer.
- Wash sales of stock or securities. See Pub. 550 for details.
- Bonds and other debt instruments. See Pub. 550 for details.
- Certain real estate subdivided for sale which may be considered a capital asset.
- Gain on the sale of depreciable property to a more than 50% owned entity, or to a trust of which you are a beneficiary.
- Gain on the disposition of stock in an Interest Charge Domestic International Sales Corporation.
- Gain on the sale or exchange of stock in certain foreign corporations.
- Transfer of property to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign trust or partnership.
- Transfer of property to a partnership which would be treated as an investment company if it were incorporated.
- Sales of qualified reinvested dividends from a qualified public utility. See Pub. 550 for details.
- Transfer of appreciated property to a political organization.
- Loss on the sale, exchange, or worthlessness of small business (section 1244) stock.

- In general, no gain or loss is recognized on the transfer of property from an individual to a spouse or a former spouse, if the transfer is incident to a divorce. Get **Pub. 504,** Tax Information for Divorced or Separated Individuals.
- Amounts received on the retirement of a debt instrument generally are treated as received in exchange for the debt instrument.
- Losses from the disposition of wetlands and highly erodible croplands converted to agricultural use (other than livestock grazing) after March 1, 1986, are reported on Schedule D, **but** gains are reported on Form 4797.
- Gifts of property and inherited property. See Pub. 544.
- Amounts received by shareholders in corporate liquidations.
- Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550.
- Mutual fund load charges may not be taken into account in determining gain or loss on certain dispositions of stock in mutual funds if reinvestment rights were exercised. For details, get **Pub. 564,** Mutual Fund Distributions.
- Deferral of gain on conflict-of-interest dispositons under section 1043. See Form 8824.

### Inherited Property

If you disposed of property that you acquired by inheritance, report the disposition as a long-term gain or loss, regardless of how long you held the property. Write **"INHERITED"** in column (b), instead of the date you acquired the property.

### Gain or Loss From Options

Report on Schedule D gain or loss from the closing or expiration of an option that is not a section 1256 contract, but that is a capital asset in your hands.

If a purchased option expired, enter the expiration date in column (c), and write **"EXPIRED"** in column (d).

If an option that was granted (written) expired, enter the expiration date in column (b), and write **"EXPIRED"** in column (e).

Fill in the other columns as appropriate. See Pub. 550 for more details.

### Exchange of Like-Kind Property

A "like-kind exchange" occurs when you exchange business or investment property for property of like kind. Report on Schedule D (or Form 4797, whichever applies) the exchange of like-kind property, even if no gain or loss is recognized. Also complete and attach Form 8824 to your return for each exchange.

For exchanges reported on Schedule D, write "From Form 8824" in column (a). Skip columns (b) through (e), and enter the gain or loss from Form 8824, if any, in column (f) or (g). Also, write in the top margin of Schedule D "Like-Kind Exchange" or, if one or more exchanges involved a related party, write "Related Party Like-Kind Exchange." See Form 8824 and its instructions for details.

### Sale or Exchange (Other Than Involuntary Conversion) of Capital Assets Held for Personal Use

Gain from the sale or exchange of this property is a capital gain. Report it on Schedule D, Part I or Part II. Loss from the sale or exchange of this property is not deductible. But if you had a loss from the sale or exchange of real estate held for personal use (other than your main home), you must report the transaction on Schedule D even though the loss is not deductible.

For example, you have a loss on the sale of a vacation home that is not your main home. Report it on line 2a or 9a, depending on how long you owned the home. Complete columns (a) through (e). Since the loss is not deductible, write "Personal Loss" across columns (f) and (g).

### Disposition of Partnership Interest

A sale or other disposition of an interest in a partnership may result in ordinary income. Get **Pub. 541,** Tax Information on Partnerships.

### Long-Term Capital Gains From Regulated Investment Companies

Include in income as a long-term capital gain the amount on **Form 2439,** Notice to Shareholder of Undistributed Long-Term Capital Gains, that represents your share of the undistributed capital gains of a regulated investment company. Enter on Form 1040, line 61, the tax paid by the company shown on Form 2439. Add to the basis of your stock the excess of the amount included in income over the amount of the credit. See Pub. 550 for more details.

### Capital Gain Distributions

Enter capital gain distributions paid to you during the year as a long-term capital gain on line 13 regardless of how long you have held your investment. See Pub. 550 for more details.

### Sale of Your Home

Use **Form 2119,** Sale of Your Home, to report a gain or loss from the sale of your main home whether or not you bought another one. You must file Form 1040 for the year in which you sell your main home, even if you are not otherwise required to file. For more details, get **Pub. 523,** Tax Information on Selling Your Home.

### Installment Sales

If you sold property (other than publicly traded stocks or securities) at a gain, and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to do so.

Use **Form 6252,** Installment Sale Income, to report the sale on the installment method. Also use Form 6252 to report any payment received in 1990 from a sale made in an earlier year that you reported on the installment method.

To elect out of the installment method, report the sale as follows on a timely filed return (including extensions):

(1) Report the full amount of the sale on Schedule D.

(2) If you received a note or other obligation and you are reporting it at less than face value (including all contingent payment obligations), complete Part V. If you received more than one, enter the amounts separately in the spaces in Part V.

Get **Pub. 537,** Installment Sales, for more details.

### Section 1256 Contracts and Straddles

Use **Form 6781,** Gains and Losses From Section 1256 Contracts and Straddles, to report these transactions. See Pub. 550 for more details.

## Specific Instructions

## Line 1

### Reconciliation of Form 1099-B and Form 1099-S Transactions

Enter on line 1 the total sales of stocks, bonds, etc., reported to you for 1990 on Form 1099-B (or on a substitute statement). Also include on line 1 the total sales of real estate transactions reported to you for 1990 on Form 1099-S (or on a substitute statement), that you will be reporting on lines 2a and 9a. Be sure to complete lines 2c and 9c.

If line 1 differs from the total of lines 2c and 9c, column (d), attach a statement explaining the difference. For example, there would be a difference between line 1 and the total of lines 2c and 9c, column (d), if you received a Form 1099-B for an item that represents a return of capital. A return of capital reduces the basis of your stock and is not taxed until your basis in the stock is fully recovered. Include any nontaxable amount that is a return of capital in the total on line 1. Do not report it in either Part I or II. Attach a statement to Schedule D explaining the difference between the total of lines 2c and 9c, column (d) and the total on line 1. See Pub. 550 for more details.

### Column (d)

### Sales Price

Enter in this column either the gross sales price or the net sales price from the sale. If you sold stocks or bonds and you received a Form 1099-B or similar statement from your broker that shows gross sales price, enter that amount in column (d). However, if Form 1099-B (or your broker) indicates that gross proceeds less commissions and option premiums were reported to IRS, enter that net amount in column (d). If the net amount is entered in column (d), do not include the commissions and option premiums in column (e).

***Caution:*** *Be sure to add all sales price entries on lines 2a and 9a, column (d), to amounts on lines 2b and 9b, column (d). Enter the totals on lines 2c and 9c.*

### Column (e)

### Cost or Other Basis

In general, the cost or other basis is the cost of the property plus purchase commissions and improvements, minus depreciation, amortization, and depletion. If you inherited the property, got it as a gift, or received it in a tax-free exchange, involuntary conversion,

or "wash sale" of stock, you may not be able to use the actual cost as the basis. If you do not use the actual cost, attach an explanation of your basis.

When selling stock, adjust your basis by subtracting all the nontaxable distributions you received before the sale. Also adjust your basis for any stock splits. See Pub. 550 for how to figure your basis in stock that split during the time you owned it.

The basis of property acquired by gift is generally the basis of the property in the hands of the donor. The basis of property acquired from a decedent is generally the fair market value at the date of death.

The cost or other basis of an original issue discount (OID) debt instrument is increased by the amount of OID that has been included in gross income for that instrument.

If a charitable contribution deduction is allowed because of a bargain sale of property to a charitable organization, the adjusted basis for purposes of determining gain from the sale is the amount which has the same ratio to the adjusted basis as the amount realized has to the fair market value.

Increase your cost or other basis by any expense of sale, such as broker's fees, commissions, state and local transfer taxes, and option premiums before making an entry in column (e), unless you reported the net sales price in column (d).

For more details, get **Pub. 551,** Basis of Assets.

## Lines 2a and 9a

Enter all sales and exchanges of stocks, bonds, etc., and real estate (if not reported on Form 2119, 4797, or 6252). Include these transactions whether or not you actually received a Form 1099-B or 1099-S (or substitute statement) for the transaction. You can use abbreviations to describe the property as long as the abbreviations are based on the descriptions of the property as shown on Form 1099-B or 1099-S (or substitute statement).

Use **Schedule D-1,** Continuation Sheet for Schedule D (Form 1040), if you need more space to list transactions for lines 2a and 9a. You may use as many Schedules D-1 as you need to list your transactions. Enter on Schedule D, lines 2b and 9b, columns (d), (f), and (g) the combined totals of all your Schedules D-1.

## Lines 2d and 9d

Enter sales and exchanges of other capital assets on these lines that are not reported on lines 2a or 9a. Do not include transactions reported on Form 2119, 4797, or 6252.

## Line 20

If Form 1040, line 37, is zero, subtract the amount on Form 1040, line 36 from the amount on Form 1040, line 35. Enter the result. To show a negative amount (a loss), enclose it in parentheses.

## Part VI

This part enables IRS to compare amounts of bartering income reported to you on Forms 1099-B with amounts you report on your tax return. For details on bartering income, get **Pub. 525,** Taxable and Nontaxable Income.

# Instructions for Schedule E Supplemental Income and Loss

## A Change You Should Note

The requirements for completing and attaching **Form 4562,** Depreciation and Amortization, have been relaxed. See the instructions for line 20.

## Purpose

Use Schedule E to report income or loss from rents, royalties, partnerships, S corporations, estates, trusts, and REMICs.

***Note:*** *If you attach your own schedule(s) to report income or loss from any of these sources, use the same format as on Schedule E. Enter separately on Schedule E the total income and the total loss for each part. Enclose loss figures in (parentheses).*

**Filers of Form 1041.** Enter your employer identification number in the block for "Your social security number."

## Part I

### Income or Loss From Rentals and Royalties

Use Part I to report rental and royalty income and expenses. If you own a part interest in rental property, you may report your part on Schedule E. See the instructions for lines 3 and 4 to determine when rental and royalty income should be reported on **Schedule C** or **Form 4835,** Farm Rental Income and Expenses, instead.

If you have more than three rental or royalty properties, complete and attach as many Schedules E as you need to list them. Complete lines 1 and 2 for each property. But fill in column D only on one Schedule E. The figures in column D on that Schedule E should be the combined totals of all the schedules.

If you also need to use page 2 of Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

## Line 1

Show the kind of property you rented out, for example, "brick duplex." Give the street address, city or town, and state. You do not have to give the ZIP code.

## Line 2

If you rented out a dwelling unit and also used it as a home during the year, you may not be able to deduct all the expenses for the rental part. A dwelling unit (unit) means a house, apartment, condominium, mobile home, boat, or like property. Check the "Yes" or "No" box on line 2, whichever applies, to show whether you or your family used the property for personal purposes in 1990.

If the property is not a dwelling unit, check "No."

If the property is a dwelling unit, check "Yes" if you or your family used the unit for personal use more than the greater of:

1. 14 days; or
2. 10% of the total days it was rented to others at a fair rental price.

**What is Personal Use?** A day of personal use is any day, or part of a day, that the unit was used by:

- You for personal purposes.
- Any other person for personal purposes, if that person owns part of the unit (unless rented to that person under a "shared equity" financing agreement).
- Anyone in your family or in the family of someone else who owns part of the unit. The day is not treated as personal if the unit is rented at a fair rental price to that person as his or her main home.
- Anyone under an agreement that lets you use some other unit.
- Anyone who pays less than a fair rental price for the unit.

If you checked "No," you can deduct all your expenses for the rental part, subject to the **At-Risk Rules** explained on page 36 and the **Passive Activity Loss Rules** explained on page 37.

If you checked "Yes" and rented the unit out for less than 15 days, you may not deduct any rental expenses. But if you itemize deductions on **Schedule A,** you may deduct interest, taxes, and casualty losses. You do not have to report the rental income.

If you checked "Yes" and rented the unit out for at least 15 days, you may NOT be able to deduct all your rental expenses. You can deduct your mortgage interest, real estate taxes, and casualty losses for the rental part on Schedule E. You can also deduct your other rental expenses that are not related to your use of the unit as a home, such as advertising expenses and realtors' fees. If any income is left after deducting these expenses, you can then deduct other expenses. But you cannot deduct more than the income that is left. Carry amounts you cannot deduct to 1991. Get **Pub. 527,** Residential Rental Property (Including Rental of Vacation Homes), for more details. Also get **Pub. 545,** Interest Expense, to see how much interest you can deduct.

## Line 3

If you were not in the real estate sales business but received rent from property you own or control, report it on line 3. Include room and other space rentals. If you received services or property instead of money as rent, report its fair market value.

If you provided significant services to the renter or sold real estate as a business, do not report the income on line 3. Instead, report it on **Schedule C.**

For more information, see **Tele-Tax Information** in the index (topic no. 213) or Pub. 527.

**Rental Income From Farm Production or Crop Shares.** Report farm rental income and expenses on **Form 4835** if (1) you received rental income based on crops or livestock produced by the tenant, **and** (2) you did not manage or operate the farm to any great extent.

If you use Form 4835, enter on line 39 of Schedule E the net farm rental income or loss from Form 4835. Also include the gross farm rents from Form 4835, line 7, on Schedule E, line 41.

***Note:*** *For estimated tax payments, income received from your share of crops and rental based on farm production is considered income from farming.*

## Line 4

Report on line 4 **royalties** from oil, gas, or mineral properties (not including operating oil, gas, or mineral interests); copyrights; and patents. If you received $10 or more in royalties, by January 31, 1991, you should receive a **Form 1099-MISC,** or similar statement, showing them. If you are in business as a self-employed writer, inventor, artist, etc., report your income and expenses on **Schedule C.** You may be able to treat amounts received as "royalties" for transfer of a patent or amounts received on the disposal of coal and iron ore as the sale of a capital asset. For details, get **Pub. 544,** Sales and Other Dispositions of Assets.

If state or local taxes were withheld from oil or gas payments you received, enter on line 4 the gross amount of royalty. Include the taxes withheld by the producer on line 15.

**Caution:** *If you received a credit or refund of overpaid windfall profit tax in 1990, see the instructions for line 40.*

## Lines 5 through 21

Enter your rental and royalty expenses for each property in the appropriate columns. You can deduct an amount for the depreciation of rental property and all normal expenses, such as taxes, interest, repairs, insurance, maintenance, and agents' commissions.

Do not deduct the value of your own labor, capital investments, or capital improvements.

**Renting Out Part of Your Home.** If you rent out only part of your home or other property, deduct the part of your expenses that apply to the rented part.

**Expenses To Rehabilitate Low-Income Housing.** You may amortize part of the costs you paid or incurred to rehabilitate qualified low-income housing if the rehabilitation began before 1987. If it began after 1986, you may be able to take a tax credit. See **Form 8586,** Low-Income Housing Credit, and **Form 8582-CR,** Passive Activity Credit Limitations. Also, get **Pub. 925,** Passive Activity and At-Risk Rules, to learn how the passive activity loss rules apply to low-income housing.

**Deduction for Removal of Barriers to the Handicapped and the Elderly.** You can deduct up to $35,000 of the costs you paid or incurred in 1990 to remove barriers to the handicapped and the elderly. Get **Pub. 535,** Business Expenses, and **Pub. 907,** Tax Information for Persons with Handicaps or Disabilities, for details.

## Line 6

You may deduct ordinary and necessary travel and transportation expenses related to your rental activities. For details, see Pub. 527, **Pub. 463,** Travel, Entertainment, and Gift Expenses, and **Pub. 917,** Business Use of a Car.

## Lines 11 and 12

In general, to determine the interest expense allocable to your rental activities, you will have to keep records to show how the proceeds of each debt were used. Specific tracing rules apply for allocating debt proceeds and repayment of the debt. See Pub. 545 for details.

If you have a mortgage on your rental property, enter on line 11 the interest you paid for 1990 to banks or other financial institutions. Be sure to fill in column D.

***Note:** If the recipient was not a financial institution or you did not receive a* ***Form 1098,*** *Mortgage Interest Statement, from the recipient, report your deductible mortgage interest on line 12.*

If you paid $600 or more in interest on this mortage, by January 31, 1991, the recipient should send you a Form 1098, or similar statement, showing the total interest received from you during 1990. If you paid more mortgage interest than is shown on your Form 1098, or similar statement, get Pub. 545 to see if you can deduct the additional interest. If you can, enter the amount on line 11. Attach a statement to your return explaining the difference. Write "See attached" in the left margin next to line 11.

If you and at least one other person (other than your spouse if you file a joint return) were liable for, and paid interest on the mortgage, and the other person received Form 1098, report the interest on line 12. Attach a statement to your return showing the name and address of the person who received Form 1098. In the left margin next to line 12, write "See attached."

## Line 16

The base rate (including taxes) for local telephone service for the first telephone line to any residence is a personal expense and is not deductible.

## Line 20

Depreciation is the annual deduction allowed to recover the cost or other basis of business or income-producing property with a useful life of more than one year. The deduction does not apply to land and personal-use property.

If you are claiming depreciation on property placed in service **after 1980**, see the Instructions for **Form 4562,** Depreciation and Amortization, or **Pub. 534,** Depreciation, to figure the amount to enter on line 20.

You must complete and attach Form 4562 **only if:**

- You are claiming depreciation on property placed in service during 1990, or
- You are claiming depreciation on any property that is listed property (such as a car) regardless of when it was placed in service, or
- You are claiming a section 179 expense deduction or amortization of costs that begins in 1990.

***Note:** Cellular telephones and other similar telecommunications equipment placed in service after 1989 are listed property.*

If you are claiming depreciation **only** on property placed in service **before 1981**, figure depreciation on a worksheet from your own books and records and enter the total depreciation on line 20. You do not need to attach the worksheet. For a sample worksheet, see Pub. 534.

For more information on depreciation, including the definition of listed property, see the Instructions for Form 4562 and Pub. 534. For information on depletion, get **Pub. 535.**

## Line 22

If you have a loss from the activity, you may be subject to the **At-Risk Rules** explained below. If you are, you must file **Form 6198,** At-Risk Limitations, to figure the loss to enter on line 22. If you must file Form 6198 and the deductible loss from line 21 of that form is less than the loss shown on line 22 of Schedule E, enter the amount from Form 6198 in the appropriate column(s) on line 22 of Schedule E. In the space to the left of line 22, write "Form 6198."

If you have a loss from a passive activity, that loss may be further limited. In most cases, you must file **Form 8582,** Passive Activity Loss Limitations, to figure your deductible loss. See the instructions for line 23 and the **Passive Activity Loss Rules** on page 37. If line 22 is income from a passive activity and you have losses from other passive activities, you may have to complete Form 8582.

**At-Risk Rules**

The at-risk rules may apply to an individual, a member of a partnership or joint venture, a shareholder in an S corporation, or a lessor of certain property. The amount you have at risk generally limits the loss you can deduct for any tax year.

If (1) you have a loss from any activity that you, your partnership, or S corporation engaged in as a trade or business or for the production of income, including the holding of real property placed in service after 1986, **and** (2) you have amounts for which you are **not at risk** in the activity, use **Form 6198** to determine your allowable loss to report on Schedule E.

**At-Risk Amounts.** Generally, you are considered to be **at risk** for amounts borrowed for use in the activity if you are personally liable for repayment or if they are secured by property **not** used in the activity. You are also at risk for **qualified nonrecourse financing** secured by real property used in the holding of real property.

**Qualified nonrecourse financing** is financing for which no one is personally liable for repayment and is:

- Borrowed by you in connection with holding real property,
- Secured by real property used in the activity,
- Not convertible from a debt obligation to an ownership interest, **and**
- Loaned or guaranteed by any Federal, state, or local government, or borrowed by you from a **qualified person.**

A **qualified person** is a person who actively and regularly engages in the business of lending money, such as a bank or savings and loan association. A **qualified person** is **not:**

- A person related to you (although a person related to you may be a qualified person if the nonrecourse financing is commercially reasonable and on the same terms as loans involving unrelated persons), or
- The seller of the property (or a person related to the seller), or
- A person who receives a fee due to your investment in real property (or a person related to that person).

See Pub. 925 for details.

**Amounts Not At Risk.** Amounts for which you are **not at risk** include the following:

1. Nonrecourse loans used to finance the activity, acquire property used in the activity, or acquire your interest in the activity; or
2. Amounts protected against loss by a guarantee, stop-loss agreement, or similar arrangement; or
3. Loans from someone who has an interest in the activity, other than as a creditor, or who is related, under section 465(b)(3)(C), to a person (other than yourself) having such an interest; or
4. Amounts contributed to the activity, or to your interest in the activity, that are covered by:

- nonrecourse loans or protected against loss by a guarantee, stop-loss agreement, or similar arrangement; or
- loans from a person described in 3 above.

For more details, see Pub. 925.

If, in addition to the amount you report on Schedule E, you sell or otherwise dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, see the Instructions for Form 6198.

Any loss from an activity not allowed for 1990 because of the at-risk rules is treated as a deduction allocable to the activity in 1991.

## Line 23

Enter on line 23 your deductible rental loss. If your rental loss is from a passive activity (defined on page 37), you may need to complete **Form 8582** to figure the amount of loss, if any, to enter on line 23. But see the following exception.

**Exception for Certain Rental Real Estate Activities.** If you had losses from rental real estate activities, you **do not** have to complete Form 8582 to figure the amount of loss you can deduct on line 23 if you meet **ALL THREE** of the following conditions:

1. Rental real estate activities are your only passive activities.
2. You do not have any prior year unallowed losses from any passive activities.
3. **All** of the following apply if you have an overall net loss from these activities:

- You actively participated (defined later) in all of the rental real estate activities; **and**
- If married filing separately, you lived apart from your spouse all year; **and**
- Your overall net loss from these activities is $25,000 or less ($12,500 or less if married filing separately); **and**
- You have no current or prior year unallowed credits from passive activities; **and**
- Your modified adjusted gross income, defined later, is $100,000 or less ($50,000 or less if married filing separately).

If you meet **ALL THREE** of the conditions listed above, your rental real estate losses are not limited by the passive activity rules Enter the loss from line 22 on line 23.

If you do **not** meet **ALL THREE** of the conditions listed above, you must **complete and attach Form 8582.**

***Caution:*** *Passive activity income does not include income from renting: (1) substantially nondepreciable property, (2) property incidental to a development activity, and (3) property to a trade or business activity in which you materially participate. See* ***Pub. 925*** *for details.*

**Active Participation.** You can meet the active participation requirement without regular, continuous, and substantial involvement in operations. But you must have participated in making management decisions or arranging for others to provide services (such as repairs), in a significant and bona fide sense.

Management decisions that are relevant in this context include approving new tenants, deciding on rental terms, approving capital or repair expenditures, and other similar decisions.

You are not considered to actively participate if, at any time during the tax year, your interest (including your spouse's interest in the activity) was less than 10% (by value) of all interests in the activity.

**Modified Adjusted Gross Income.** This is your adjusted gross income from Form 1040, line 31, without taking into account any passive activity loss, taxable social security or equivalent railroad retirement benefits, deductible contributions to an IRA or certain other qualified retirement plans under section 219, or the deduction for one-half of self- employment tax. If you file **Form 8815,** modified adjusted gross income includes the interest excluded on line 14 of that form.

**Passive Activity Loss Rules**

The passive activity loss rules may limit the amount of losses you can deduct. They apply to losses in Parts I, II, and III, and on line 39 of Schedule E. Losses from passive activities may be first subject to the at-risk rules. Losses deductible under the at-risk rules are then subject to the passive activity rules.

You can generally deduct losses from passive activities only to the extent of income from passive activities. Exceptions apply to some activities, such as rental real estate (see the instructions for line 23).

**Passive Activity.** A passive activity is any business activity in which you **DO NOT** materially participate and any rental activity regardless of participation. See the Instructions for Form 8582 to determine whether you materially participated in a business activity. If you are a limited partner, you are generally not treated as having materially participated in the partnership's activity for the year.

The rental of real or personal property is generally a rental activity under the passive activity loss rules, but exceptions apply to this rule. If your rental of property is not treated as a rental activity, you must determine whether it is a trade or business activity, and, if so, whether you materially participated in the activity for the tax year. See the Instructions for Form 8582 for the material participation tests and the definition of "rental activity." See Pub. 925 for special rules that apply to rentals of: (1) substantially nondepreciable property, (2) property incidental to development activities, and (3) property to activities in which you materially participate.

The rental of your home that you also used for personal purposes is not a passive activity. See the instructions for line 2.

A working interest in an oil or gas well that you hold directly or through an entity that does not limit your liability is not a passive activity even if you do not materially participate.

Royalty income not derived in the ordinary course of a trade or business reported on Schedule E is generally not considered income from a passive activity.

For more information on passive activities, see the Instructions for Form 8582 and Pub. 925.

## Parts II and III

### Income or Loss From Partnerships, S Corporations, Estates, or Trusts

If you are a member of more than one partnership, a shareholder in more than one S corporation, or a beneficiary of more than one estate or trust, do not report information from more than one entity on the same line.

If you need more space in Parts II and III to list your income or losses, attach a continuation sheet using the same format as shown in Parts II and III. However, be sure to complete the "Totals" columns for lines 28a and 28b, or lines 33a and 33b, as appropriate. If you also completed Part I on more than one Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

**Tax Shelter Registration Number.** If you are claiming or you are reporting any deduction, loss, credit, or other tax benefit, or reporting income from an interest purchased or otherwise acquired in a tax shelter, you must complete and attach **Form 8271,** Investor Reporting of Tax Shelter Registration Number. This reports the tax shelter registration number as well as other information about the tax shelter. There is a penalty if you fail to report this number on your tax return.

**Tax Preference Items.** If you are a partner, a shareholder in an S corporation, or a beneficiary of an estate or trust, you must take into account your share of tax preference items and adjustments from these entities on **Form 6251,** Alternative Minimum Tax—Individuals, or **Form 8656,** Alternative Minimum Tax—Fiduciaries.

**Amount(s) From 1987 Schedule(s) K-1.** If you received a 1987 Schedule K-1 (Form 1065, 1120S, or 1041) for a short year, and you did not report all of the short-year income on your 1987 return, you must report 25% of the amounts shown on the short-year 1987 Schedule K-1 on the appropriate lines of your 1990 Form 1040 and related schedules. Write "PYA" (prior-year amount) next to the entries.

### Partnerships and S Corporations

If you are a member of a partnership or joint venture or a shareholder in an S corporation, use Part II to report your share of the partnership or S corporation income (even if not received) or loss. You should receive a **Schedule K-1** from the partnership or the S corporation. Do not attach Schedules K-1 to your return. Keep them for your records. You should also receive a copy of the Partner's or Shareholder's Instructions for Schedule K-1. If you did not receive these instructions with your Schedule K-1, you can get a copy at most IRS offices. Your copy of Schedule K-1 and its instructions will tell you where on your return to report your share of the items.

**Special rules apply that limit losses.** Please note the following:

- If you have a current year loss or a prior year unallowed loss from a partnership or an S corporation, see the **At-Risk Rules** on page 36 and the **Passive Activity Loss Rules** on this page.

Partners and S corporation shareholders should get a separate statement of income, expenses, deductions, and credits for each activity engaged in by the partnership and S corporation. If you are subject to the at-risk rules for any activity, use Form 6198 to figure the amount of any deductible loss. If the activity is nonpassive, enter the deductible loss, if any, from Form 6198 in Part II, column (i), of Schedule E.

- If you have a passive activity loss, you generally need to complete Form 8582 to figure the amount of the allowable loss to enter in Part II, column (g), for that activity. But if you are a **general** partner or an S corporation shareholder reporting your share of a partnership or an S corporation loss from a rental real estate activity, **and** you meet **ALL THREE** of the conditions listed in the instructions for line 23, you do not have to complete Form 8582. Instead, enter your allowable loss in Part II, column (g).
- If you have passive activity income, complete Part II, column (h), for that activity.
- If you have nonpassive income or losses, complete Part II, columns (i) through (k), as appropriate.

If you are treating items on your tax return differently from the way the partnership or S corporation treated them on its return, you may have to file **Form 8082,** Notice of Inconsistent Treatment or Amended Return.

**Partnerships**

If you have other partnership items relating to a passive activity, or income or loss from any publicly traded partnership, see the Form 8582 instructions before entering them on your return.

If you have other partnership items, such as depletion, from a nonpassive activity, show each item on a separate line in Part II. Show unreimbursed partnership expenses from nonpassive activities on a separate line in column (i) of Part II. Unreimbursed expenses that are itemized deductions are entered on **Schedule A** (Form 1040). Report allowable interest expense paid or incurred from debt-financed acquisition in Part II, or on Schedule A, depending on the type of expenditure to which the interest is allocated. See Pub. 545 for details.

If you claimed a credit for Federal tax on gasoline or other fuels on your 1989 Form 1040 (based on information received from the partnership), enter as income in column (h) or column (k), whichever applies, the amount of the credit claimed in 1989.

Part or all of your share of partnership income or loss from the operation of the

business may be considered net earnings from self-employment that must be reported on **Schedule SE** (Form 1040). Enter the amount from Schedule K-1 (Form 1065), line 15a, on Schedule SE, after you reduce this amount by any allowable expenses attributable to that income.

If you have losses or deductions from a prior year that you could not deduct because of the at-risk or basis rules, and the amounts are now deductible, do not combine the prior year amounts with any current year amounts to arrive at a net figure to report on Schedule E. Instead, report the prior year amounts and the current year amounts on separate lines of Schedule E.

**S Corporations**

Your share of the net income is NOT subject to self-employment tax. Distributions of prior year accumulated earnings and profits of S corporations are dividends and are reported on **Schedule B** (Form 1040). For details, get **Pub. 589,** Tax Information on S Corporations.

Interest expense relating to the acquisition of shares in an S corporation may be fully deductible on Schedule E. For details, see Pub. 545.

As a shareholder in an S corporation, your share of the corporation's aggregate losses and deductions (combined income, losses, and deductions) is limited to the adjusted basis of your corporate stock and any debt the corporation owes you. Any loss or deduction not allowed this year because of the basis limitation may be carried forward and deducted in a later year subject to the basis limitation for that year. If you are claiming a deduction for your share of an aggregate loss, attach to your return a computation of the adjusted basis of your corporate stock and of any debt the corporation owes you. See Pub. 589 for more information.

After applying the basis limitation, the deductible amount of your aggregate losses and deductions may be further reduced by the at-risk rules and the passive activity loss rules explained on pages 36 and 37, respectively.

If you have losses or deductions from a prior year that you could not deduct because of the basis or at-risk limitations, and the amounts are now deductible, do not combine the prior year amounts with any current year amounts to arrive at a net figure to report on Schedule E. Instead, report the prior year amounts and the current year amounts on separate lines of Schedule E.

**Estates and Trusts**

If you are a beneficiary of an estate or trust, use Part III to report your part of the income (even if not received) or loss. You should receive a **Schedule K-1** (Form 1041) from the fiduciary. Do not attach that schedule to your return. Keep it for your records. Your copy of Schedule K-1 and its instructions will tell you where on your return to report the items from Schedule K-1.

If you have estimated taxes credited to you from a trust (Schedule K-1, line 12a), write "ES payment claimed" and the amount on the dotted line next to line 36. **Do not** include this amount in the total on line 36. Instead, enter the amount on Form 1040, line 56.

A U.S. person who transferred property to a foreign trust may have to include in income the income received by the trust as a result of the transferred property if, during 1990, the trust had a U.S. beneficiary. For more information, get **Form 3520-A,** Annual Return of Foreign Trust With U.S. Beneficiaries.

## Part IV

### Income or Loss From REMICs

If you are a residual holder of a Real Estate Mortgage Investment Conduit (REMIC), use Part IV to report your total share of the REMIC's taxable income or loss for each quarter included in your tax year. You should receive **Schedule Q** (Form 1066) and instructions from the REMIC for each quarter. Do not attach the schedule(s) to your return. Keep them for your records.

REMIC income or loss reported on Schedule E is not income or loss from a passive activity.

***Note:*** *If you are a regular holder of a REMIC, do not use Schedule E to report the income you received. Instead, report it on Form 1040, line 8a.*

If you are a residual holder in more than one REMIC, attach a continuation sheet using the same format as in Part IV. Enter the totals of columns (d) and (e) on line 38 of Schedule E. If you also completed Part I on more than one Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

If you are treating REMIC items on your tax return differently from the way the REMIC reported them on its return, you may have to file Form 8082.

**Column (c).** Report the total of the amounts shown on Schedule(s) Q, line 2c, in Part IV, column (c). This is the smallest amount of taxable income you may report on Form 1040, line 37, for 1990. If the taxable income you would show on Form 1040, line 37, is **smaller** than the total reported in column (c), you **must** enter the amount from column (c) on Form 1040, line 37. Write "Sch. Q" on the dotted line next to line 37 on Form 1040.

***Caution:*** *Do not include the amount shown in column (c) in the total on line 38 of Schedule E.*

**Column (e).** Report the total of the amounts shown on Schedule(s) Q, line 3b, in Part IV, column (e). If you itemize your deductions on Schedule A (Form 1040), include this amount on line 21.

## Part V

### Summary

## Line 40

Include any windfall profit tax credit or refund received in 1990 in the total on line 40 if you deducted the tax withheld on Schedule E in an earlier year and received a tax benefit for it on your tax return. On the dotted line next to this total, write "OWPT" and show the amount.

## Line 41

Enter on line 41 your total share of gross farming and fishing income as shown on Form 4835, line 7; Schedule K-1 (Form 1065), line 15b; Schedule K-1 (Form 1120S), line 21; and Schedule K-1 (Form 1041), line 12.

You will not be charged a penalty for underpayment of estimated tax if you meet the following tests:

**1.** Your gross farming or fishing income for 1989 or 1990 is at least two-thirds of your gross income, and

**2.** You file your 1990 tax return and pay the tax due by March 1, 1991.

# Instructions for

# Schedule C

# Profit or Loss From Business

## Changes You Should Note

The following changes may affect 1990 returns:

- Statutory employees should file Schedule C to report income and expenses. See the instructions for line 1.
- The standard mileage rate is 26 cents a mile for all miles of business use. See the instructions for line 10.
- The requirements for completing and attaching **Form 4562,** Depreciation and Amortization, have been relaxed. Also, listed property now includes cellular telephones and other similar telecommunications equipment placed in service after 1989. See the instructions for line 13.

## Purpose

If you operated a business or practiced a profession as a sole proprietorship, complete **Schedule C.** If you had more than one business, or if you and your spouse had separate businesses, you must complete a Schedule C for each business. Do **not** report gambling winnings on Schedule C unless you are a professional gambler. Instead, see the instructions for Form 1040, line 22.

Farmers should use **Schedule F.**

**Filers of Form 1041.** Do not complete the block labeled "Social security number." Instead, enter your employer identification number on line D.

### Other Schedules and Forms You May Have To File

**Schedule A** to deduct interest, taxes, and casualty losses not related to your business.

**Schedule SE** to pay social security self-employment tax on income from any trade or business.

**Form 4562** to claim depreciation or amortization of assets placed in service in 1990 or to report listed property.

**Form 4684** to report a casualty or theft involving trade or business, or income producing property.

**Form 4797** to report sales, exchanges, and involuntary conversions (other than casualty or theft) of trade or business property.

**Form 8594** to report certain purchases or sales of groups of assets that constitute a trade or business.

**Form 8824** to report like-kind exchanges.

**Highway Use Tax.** If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your trade or business, you may have to pay a Federal highway use tax. Get **Form 2290,** Heavy Vehicle Use Tax Return, to see if you owe this tax.

**Information Returns.** You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, real estate transactions, annuities, and pensions. You may also have to file an information return if you sold $5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For more information, get the **Instructions for Forms 1099, 1098, 5498, and W-2G.**

If you received cash of more than $10,000 in one or more related transactions in the course of your trade or business, you may have to file **Form 8300.** For details, get **Pub. 1544,** Reporting Cash Payments of Over $10,000.

**Tax Shelter.** If you claim or report any deduction, loss, credit, other tax benefit, or income on Schedule C from an interest purchased or otherwise acquired in a tax shelter that is required to be registered, you **must** file **Form 8271.**

### Additional Information

Get **Pub. 334,** Tax Guide for Small Business, for more details on business income and expenses.

## Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. Give the general field or activity and the type of product or service. If your general field or activity is wholesale or retail trade, or services connected with production services (mining, construction, or manufacturing), also give the type of customer or client. For example, "wholesale sale of hardware to retailers" or "appraisal of real estate for lending institutions."

## Line B

Enter on this line the 4-digit code that identifies your principal business or professional activity. See page 2 of Schedule C for the list of codes.

## Line C

Enter your business name and address. Show a street address instead of a box number. Include the suite or room number, if any. Use your home address only if you actually conducted the business from your home.

## Line D

You don't need an employer ID number unless you had a Keogh plan or were required to file an employment, excise, fiduciary, or alcohol, tobacco, and firearms tax return.

## Line E

You must use the cash method on your return unless you kept account books. If you kept such books, you can use the cash method or the accrual method. For long-term contracts entered into after February 28, 1986, special rules apply. See Internal Revenue Code section 460 for details. The method used must clearly reflect your income.

To change your accounting method (including treatment of inventories), you must usually first get permission from IRS. In general, file **Form 3115** within the first 180 days of the tax year in which you want to make the change.

If you use the **cash method,** show all items of taxable income actually or constructively received during the year (in cash, property, or services). Also show amounts actually paid during the year for deductible expenses. Income is constructively received when it is credited to your account or set aside for you to use.

If you use the **accrual method,** report income when you earn it and deduct expenses when you incur them, even if you do not pay them during the tax year.

Accrual-basis taxpayers are put on a cash basis for deducting business expenses owed to a related cash-basis taxpayer. Other rules determine the timing of deductions based on economic performance. Get **Pub. 538,** Accounting Periods and Methods.

## Line F

Your inventories can be valued at:

- cost,
- cost or market value, whichever is lower, or
- any other method approved by the Commissioner of Internal Revenue.

## Line H

### Business Use of Your Home

Within certain limits, you may deduct business expenses that apply to a part of your home **only** if that part is exclusively used on a regular basis:

**1.** as your principal place of business for any of your trades or businesses; or

**2.** as a place of business used by your patients, clients, or customers to meet or deal with you in the normal course of your trade or business; or

**3.** in connection with your trade or business if it is a separate structure that is not attached to your home.

You may also deduct expenses that apply to space within your home if it is the **only** fixed location of your trade or business. The space must be used on a regular basis to store inventory from your trade or business of selling products at retail or wholesale.

If you use space in your home on a regular basis in your trade or business of providing day care service, you may be able to deduct the business expenses even though you use the same space for nonbusiness purposes.

**Limit on Deductions.** Certain expenses for the business use of your home are limited to the gross income from the business use minus the total of the following deductions.

**1.** The business part of your deductible mortgage interest, real estate taxes, and casualty losses.

**2.** Your other business deductions, such as wages and supplies, that are not related to the business use of the home.

The expenses to which the limit applies, and the order in which they must be deducted, are listed below.

- Your expenses for the business use of your home, other than those listed in 1 above, that are related to the use of the home itself. These include maintenance, utilities, and insurance.
- Depreciation.

Generally, any amount you cannot deduct for 1990 because of this limit may be taken into account for 1991. Get **Pub. 587,** Business Use of Your Home, for details. Also get **Pub. 936,** Limits on Home Mortgage Interest Deduction, to see how much interest you can deduct.

## Line I

### Material Participation

Participation, for purposes of the seven material participation tests listed below, generally includes any work you did in connection with an activity if you owned an interest in the activity at the time you did the work. The capacity in which you did the work does not matter. However, work is not treated as participation if the work is not work that an owner would customarily do in the same type of activity and one of your main reasons for doing the work was to avoid the disallowance of losses or credits from the activity under the passive activity rules.

Work you did as an investor in an activity is not treated as participation unless you were directly involved in the day-to-day management or operations of the activity. Work done as an investor includes:

**a.** Studying and reviewing financial statements or reports on operations of the activity.

**b.** Preparing or compiling summaries or analyses of the finances or operations of the activity for your own use.

**c.** Monitoring the finances or operations of the activity in a nonmanagerial capacity.

**Participation by your spouse** during the tax year in an activity you own can be counted as your participation in the activity. This applies even if your spouse did not own an interest in the activity and whether or not you and your spouse file a joint return for the tax year.

**Material Participation.** For purposes of the passive activity rules, you materially participated in the operation of this trade or business activity during 1990 if you meet any of the following seven tests:

**1.** You participated in the activity for more than 500 hours during the tax year.

**2.** Your participation in the activity for the tax year was substantially all of the participation in the activity of all individuals (including individuals who did not own any interest in the activity) for the tax year.

**3.** You participated in the activity for more than 100 hours during the tax year, and you participated at least as much as any other person for the tax year. This includes individuals who did not own any interest in the activity.

**4.** The activity is a significant participation activity for the tax year, and you participated in all significant participation activities during the year for more than 500 hours. An activity is a "significant participation activity" if it involves the conduct of a trade or business, you participated in the activity for more than 100 hours during the tax year, and you did not materially participate under any of the material participation tests (other than this test 4).

**5.** You materially participated in the activity for any 5 of the prior 10 tax years.

**6.** The activity is a personal service activity in which you materially participated for any 3 prior tax years. A personal service activity is an activity that involves performing personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting, or any other trade or business in which capital is not a material income-producing factor.

**7.** Based on all the facts and circumstances, you participated in the activity on a regular, continuous, and substantial basis during the tax year. But you do not meet this test if you participated in the activity for 100 hours or less during the tax year. Your participation in managing the activity does not count in determining if you meet this test if any person (except you)—

**a.** received compensation for performing management services in connection with the activity, or

**b.** spent more hours during the tax year than you spent performing management services in connection with the activity (regardless of whether the person was compensated for the services).

If you meet any of the above tests, check the "Yes" box on line I.

If you do **not** meet any of the above tests, check the "No" box on line I. This business is a **passive activity.** If you have a loss from this business, see **Limit on Losses** on this page. If you have a profit from this business activity but have current-year losses from other passive activities or you have prior-year unallowed passive activity losses, see the Instructions for **Form 8582,** Passive Activity Loss Limitations.

**Exception for Oil and Gas.** If you are filing Schedule C to report income and deductions from an oil or gas well in which you own a working interest directly or through an entity that does not limit your liability, check the "Yes" box on line I. The activity of owning the working interest is not a passive activity regardless of your participation in the activity.

**Limit on Losses.** If you checked the "No" box on line I and you have a loss from this business, you may have to use **Form 8582** to figure your allowable loss, if any, to enter on Schedule C, line 29. Generally, you can deduct losses from passive activities only to the extent of income from passive activities.

For more details, get **Pub. 925,** Passive Activity and At-Risk Rules.

## Line J

If this is the first Schedule C you are filing for this business, check the box on line J.

Also check the box if you are reopening or restarting this business after temporarily closing it, and one or more years has passed since the last Schedule C was filed.

## Part I

### Income (Lines 1 through 7)

## Line 1

Enter gross receipts or sales from your business. Be sure to include on this line amounts you received in your trade or business as shown on **Form(s) 1099-MISC.**

**Statutory Employees.** If you received a Form W-2 and the "Statutory employee" box in Box 6 of that form was checked, report your income and expenses related to that income on Schedule C. Enter your statutory employee income from Box 10 of Form W-2 on line 1 of Schedule C, and **check the box** on that line. Social security tax should have been withheld from your earnings; therefore, you do not have to pay self-employment tax on these earnings.

Statutory employees include full-time life insurance salespeople, certain agent or commission drivers and traveling salespeople, and certain homeworkers.

If you had both self-employment income and statutory employee income, **do not** combine these amounts on a single Schedule C. You must file two Schedules C.

**Installment Sales.** Generally, for sales after December 31, 1987, the installment method may not be used to report income from the sale of: (1) personal property regularly sold under the installment method; or (2) real property held for resale to customers. But the installment method may be used to report income from sales of certain residential lots and timeshares if you elect to pay interest on the tax due on that income after the year of sale. See I. R. Code section 453(l)(2)(B) for details. If you make this election, include the interest on Form 1040, line 54. Also write "453(l)(3)" and the amount of the interest on the dotted line to the left of line 54.

Any gain not yet recognized from an installment sale after February 28, 1986, of property listed in (1) or (2) above must generally be included in income over a period not to exceed 4 years. The rules of Revenue Procedure 84-74, 1984-2 C.B. 736, are used to figure the amount to include each year, except that the adjustment must be included in income at a rate no slower than the rate of contraction of your dealer installment obligations.

If you use the installment method, attach a schedule to your return. Show separately for 1990 and the 3 preceding years: gross sales, cost of goods sold, gross profit, percentage of gross profit to gross sales, amounts collected, and gross profit on amounts collected.

## Line 2

Enter on line 2 such items as returned sales, rebates, and allowances from the sales price.

## Line 6

Report on line 6 amounts from finance reserve income, scrap sales, bad debts you recovered, interest (such as on notes and accounts receivable), state gasoline or fuel tax refunds you got in 1990, credit for Federal tax on gasoline or other fuel claimed on your 1989 Form 1040, and other kinds of miscellaneous business income. Include amounts you received in your trade or business as shown on **Form(s) 1099-PATR.**

If you have listed property that you placed in service after June 18, 1984, and the business use percentage decreased to 50% or less in 1990, report on this line any recapture of excess depreciation, including any section 179 expense deduction. Use **Form 4797,** Sales of Business Property, to figure the recapture.

## Part II

### Expenses (Lines 8 through 27b)

**Capitalizing Costs of Property.** If you produced real or tangible personal property or acquired property for resale, certain expenses attributable to the property must be included in inventory costs or capitalized.

In addition to direct costs, producers of inventory property must also include part of certain indirect costs in their inventory. Purchasers of personal property acquired for resale must include part of certain indirect costs in inventory only if the average annual gross receipts for the 3 prior tax years exceed $10 million. Also, part of the indirect costs that benefit real or tangible personal property constructed for use in a trade or business, or noninventory property produced for sale to customers, must be capitalized. Reduce the amounts on lines 8–27b by amounts capitalized. For more details, see **Pub. 538.**

**Exception for Creative Property.** If you are an artist, author, or photographer, you may be exempt from the capitalization rules. However, your personal efforts must have created (or reasonably be expected to create) the property. This exception does not apply to any expense related to printing, photographic plates, motion picture films, video tapes, or similar items. These expenses are subject to the capitalization rules. For more details, see Pub. 538

## Line 9

***Caution:** Cash method taxpayers cannot take a bad debt deduction unless the amount was previously included in income.*

Include debts and partial debts arising from sales or services that were included in income and are definitely known to be worthless. If you later collect a debt that you deducted as a bad debt, include it as income in the year collected.

***Note:** If you used the reserve method prior to 1987 to figure your bad debts, any balance you had in the reserve account at the end of 1986 must be included in your income ratably over a 4-year period.*

For more details, get **Pub. 535,** Business Expenses.

## Line 10

You can deduct the actual cost of running your car or truck, or take the standard mileage rate. You **must** use actual costs if you did not own the vehicle or if you used more than one vehicle simultaneously in your business.

If you deduct actual costs, include on line 10 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc. Show depreciation on line 13 and rent or lease payments on line 20a.

For 1990, the standard mileage rate is 26 cents a mile for all miles of business use. Add to this amount your parking fees and tolls.

For more details, get **Pub. 917,** Business Use of a Car.

***Note:** If you claim any car or truck expenses (actual costs or the standard mileage rate), you must complete Part V of **Form 4562,** Depreciation and Amortization.*

## Line 12

Enter your deduction for depletion on this line. If you have timber depletion, attach **Form T.** See **Pub. 535** for details.

## Line 13

**Depreciation and Section 179 Expense Deduction.** Depreciation is the annual deduction allowed to recover the cost or other basis of business or income-producing property with a useful life of more than one year. It does not apply to stock in trade, inventories, land, and personal assets. You may also choose under section 179 to expense part of the cost of certain depreciable property you bought in 1990 for use in your business.

See the Instructions for Form 4562 or get **Pub. 534,** Depreciation, to figure the amount of depreciation and section 179 expense deduction to enter on line 13. You must complete and attach Form 4562 only if:

**1.** You are claiming depreciation on property placed in service during 1990 or are claiming a section 179 expense deduction for the property, **or**

**2.** You are claiming depreciation on any listed property regardless of when it was placed in service.

Listed property includes, but is not limited to:

- Passenger automobiles weighing 6,000 pounds or less.
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pick-up trucks, etc.
- Any property used for entertainment or recreational purposes (such as photographic, phonographic, communication, and video recording equipment).
- Cellular telephones or other similar telecommunications equipment placed in service after 1989.
- Computers or peripheral equipment.

Listed property does not include photographic, phonographic, communication, or video equipment used exclusively in a taxpayer's trade or business or regular business establishment. It also does not include any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by the person operating the establishment.

If you have listed property that you placed in service after June 18, 1984, and the business use percentage of the property decreased to 50% or less in 1990, you may have to recapture excess depreciation, including any section 179 expense deduction. Get **Form 4797** and its instructions for details.

If you took an investment credit on property that you dispose of before the end of its class life or life years, the business use percentage decreases, or the property use otherwise changes so that it no longer qualifies, you may have to refigure the credit. See **Form 4255,** Recapture of Investment Credit, for details.

## Line 14

Deduct contributions that are not an incidental part of a pension or profit-sharing plan included on line 19. Also include contributions to insurance, health, and welfare programs.

***Note:** You may be able to deduct part of the amount paid for health insurance for you and your family even if you don't itemize your deductions. See the Instructions for Form 1040, line 26.*

## Lines 16a and 16b

**Interest Allocation Rules.** The tax treatment of interest expense differs depending on its type. For example, personal interest, home mortgage interest, and investment interest are all treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted (or capitalized) on the right place of your return and gets the proper tax treatment. These rules could affect how much interest you deduct on Schedule C.

Generally, you allocate interest expense by tracing how the proceeds of the loan were used. Get **Pub. 545,** Interest Expenses, for details.

If you paid interest on a debt secured by your main home, and any of the proceeds from that debt were used in connection with your trade or business, see Pub. 545 to figure the amount that is deductible on Schedule C.

If you paid interest that applies to future years, deduct for 1990 only the part that applies to 1990.

If you have a mortgage on real property used in your business (other than your main home), enter on line 16a the interest you paid for 1990 to banks or other financial institutions for which you received a **Form 1098,** Mortgage Interest Statement. (If you didn't receive a Form 1098, enter the interest on line 16b.)

If you paid $600 or more of mortgage interest, the recipient should send you a Form 1098, or similar statement, showing the total interest received from you during 1990. You should receive this statement by January 31, 1991. If you paid more mortgage interest to financial institutions than is shown on Form 1098, or similar statement, see Pub. 545 to find out if you can deduct the additional interest. If you can, enter the amount on line 16a. Attach a statement to your return explaining the difference. Write "See attached" in the left margin next to line 16a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, report the interest on line 16b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the left margin, next to line 16b, write "See attached."

Do not deduct interest you paid or accrued on debts allocable to investment property. This interest is generally deducted on **Schedule A.** For details, get **Pub. 550,** Investment Income and Expenses.

## Line 19

Enter your deduction for contributions to a pension, profit-sharing, or annuity plan, or plans for the benefit of your employees. If the plan includes you as a self-employed person, enter contributions made as an employer on your behalf on Form 1040, line 27, not on Schedule C.

Generally, you must file one of the following forms if you maintain a pension, profit-sharing, or other funded-deferred compensation plan. The filing requirement is not affected by whether or not the plan qualified under the Internal Revenue Code, or whether or not you claim a deduction for the current tax year.

**Form 5500.**—Complete this form for each plan with 100 or more participants.

**Form 5500-C/R, or 5500EZ.**—Complete the applicable form for each plan with less than 100 participants.

There is a penalty for failure to timely file these forms.

For more information, get **Pub. 560,** Retirement Plans for the Self-Employed.

## Line 20a

If you rented or leased vehicles, machinery, or equipment, enter on line 20a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an amount called the **inclusion amount.** You may have to do this if—

| The lease term began: | And the vehicle's fair market value on the first day of the lease exceeded: |
|---|---|
| After 12/31/86 | $12,800 |
| After 12/31/85 but before 1/1/87 | 23,000 |
| After 4/2/85 but before 1/1/86 | 28,000 |
| After 12/31/84 but before 4/3/85 | 34,500 |
| After 6/18/84 but before 1/1/85 | 40,500 |

If you leased a vehicle during 1986, and 1990 is the first tax year you used the vehicle 50% or less for business, you must reduce your deduction by an amount called the **additional inclusion amount.** You must do this even if you had no inclusion amount from using the above table.

For information on how to figure the inclusion amount and additional inclusion amount, see **Pub. 917.**

## Line 21

Deduct the cost of repairs and maintenance. Include labor, supplies, and other items that do not add to the value or increase the life of the property. Do not deduct the value of your own labor. Do not deduct amounts spent to restore or replace property. They are chargeable to capital accounts or to the depreciation reserve, depending on how depreciation is charged on your books.

## Line 23

You can deduct the following taxes:

- Real estate and personal property taxes on business assets.
- Social security taxes paid to match required withholding from your employees' wages. Also, Federal unemployment tax paid.
- Federal highway use tax.

**Do not deduct:**

- Federal income taxes.
- Estate and gift taxes.
- Taxes assessed to pay for improvements, such as paving and sewers.
- Taxes on your home or personal property.
- State and local sales taxes (treat instead as part of the cost of the property).
- Other taxes not related to your business.

## Line 24a

Enter your business travel expenses. Do not include expenses for meals or entertainment.

You cannot deduct expenses for attending a foreign convention unless it is directly related to your trade or business and it is as reasonable for the meeting to be held outside the North American area or Jamaica as within it. These rules apply to both employers and employees. Other rules apply to luxury water travel. For more details, get **Pub. 463,** Travel, Entertainment, and Gift Expenses.

## Lines 24b and 24c

You may deduct **only** 80% of your business-related meal and entertainment expenses, including meals incurred while traveling away from home on business. This rule also applies to meal and entertainment expenses for which you reimburse your employees, but only if you do not treat the reimbursement as wages subject to withholding.

Business meal expenses are deductible only if they are: (1) directly related to or associated with the active conduct of your trade or business; (2) not lavish or extravagant; and (3) incurred while you or your employee is present at the meal.

You cannot deduct any expense paid or incurred for a facility (such as a yacht or hunting lodge) used for any activity usually considered entertainment, amusement, or recreation.

There are exceptions to these rules as well as other rules that apply to sky-box rentals and tickets to entertainment events. See Pub. 463.

***Note:*** *You may be able to deduct meal and entertainment expenses in full if they are treated as compensation and reported on Form W-2 for an employee, or on Form 1099-MISC for an independent contractor. See Pub. 463.*

On line 24b enter your total meal and entertainment expenses. Include meals while traveling away from home for business. Instead of the actual cost of your meals while traveling away from home, you may use the standard meal allowance. For more details, see Pub. 463.

Figure how much of the amount on line 24b is subject to the 80% limit. Then, multiply that amount by 20% (.20) and enter the result on line 24c.

## Line 25

Deduct only utility expenses paid or incurred for your trade or business.

**Local Telephone Service.** If you used your home phone for business, do not deduct the base rate (including taxes) of the first phone line into your residence. But you can deduct expenses for any additional costs you incurred for business that are more than the cost of the base rate for the first phone line. For example, if you had a second line, you can deduct the business percentage of the charges for that line, including the base rate charges.

## Line 26

Enter the total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the tax year minus any jobs credit you claimed on **Form 5884.** Do not include amounts paid to yourself.

***Caution:*** *If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount applicable to depreciation and other expenses claimed elsewhere.*

## Lines 27a and 27b

Include all ordinary and necessary business expenses not deducted elsewhere on Schedule C. List the type and amount of each expense separately on the dotted lines for line 27a. Enter the total on line 27b. Do not include the cost of business equipment or furniture, replacements or permanent improvements to property, or personal, living and family expenses. Do not include charitable contributions.

Include any loss from this activity that was not allowed as a deduction last year because of the at-risk rules. If any loss from this activity was not allowed last year because of the passive loss limitations, see the Instructions for Form 8582.

**Amortization.** Include amortization on line 27a. For amortization that begins in 1990, you must complete and attach **Form 4562.**

You may amortize:

- The cost of pollution-control facilities.
- The cost to rehabilitate qualified low-income housing if the rehabilitation began before 1987. If it began after 1986, you may be able to take a tax credit. Get **Form 8586,** Low-Income Housing Credit, for more details. Also, see **Pub. 925** for information on the passive activity loss rules as they apply to low-income housing.
- Amounts paid for research and experiments.
- Amounts paid before 1987 for trademarks and trade names.
- Certain business startup costs.
- Qualified forestation and reforestation costs.

You can deduct up to $35,000 of costs paid or incurred in 1990 to remove architectural or transportation barriers to the handicapped and the elderly.

You can depreciate your leasehold improvement costs for leased business property.

In general, you may not amortize real property construction period interest and taxes. Special rules apply for allocating interest to real or personal property produced in your trade or business.

For more details, see Pub. 535.

## Line 29

If you have a loss, the amount of loss you can deduct this year may be limited. Go on to line 30 before entering your loss on line 29. If you answered "No" to Question I on Schedule C, also see the Instructions for **Form 8582.** Enter the net profit or **deductible** loss here. Combine this amount with any profit or loss from other businesses, and enter the total on Form 1040, line 12, and Schedule SE, line 2 (or Form 1041, line 5).

**Statutory Employees.** If you are filing Schedule C to report income and expenses as a statutory employee, include your net profit or deductible loss from line 29 with other Schedule C amounts on Form 1040, line 12. However, **do not** report this amount on Schedule SE, line 2. If you are required

to file Schedule SE because of other self-employment income, see the instructions for Schedule SE.

## Line 30

### At-Risk Rules

Deductions for losses by persons who are engaged in a trade or business or an activity for the production of income, including the holding of real property, are limited to the amount they have at risk in the business.

If (1) you have a loss from any activity that you engaged in as a trade or business or for the production of income, including the holding of real property placed in service after 1986, **and** (2) you have amounts for which you are **not at risk** in the activity, use **Form 6198,** At-Risk Limitations, to determine your allowable loss.

Check **Box 30b** if you have amounts for which you are not at risk for this business, such as the following:

**1.** Nonrecourse loans used to finance your business, to acquire property used in your business, or to acquire your interest in the business, unless they are secured by property not used in your business or by certain real property used in an activity of holding real property; or

**2.** Amounts protected against loss by a guarantee, stop-loss agreement, or similar arrangement; or

**3.** Loans from someone who has an interest in your business, other than as a creditor, or who is related, under section 465(b)(3)(C), to a person (other than yourself) having such an interest; or

**4.** Amounts contributed to your business, or to your interest in the business, that are covered by:

- nonrecourse loans or protected against loss by a guarantee, stop-loss agreement, or similar arrangement; or
- loans from a person described in 3 above.

If all amounts are at risk in this business, check **Box 30a** and enter your loss on line 29. But, if you answered "No" to Question I, you must first complete **Form 8582** to figure your allowable loss to enter on line 29.

If you checked **Box 30b,** get Form 6198 to determine the amount of your deductible loss and enter that amount on line 29. But if you answered "No" to Question I, your loss may be further limited. See Form 8582. If your at-risk amount is zero or less, enter -0- on line 29. Be sure to attach Form 6198 to your return. If you checked Box 30b and you fail to attach Form 6198, processing of your tax return may be delayed.

If, in addition to the amount that you report on Schedule C, you dispose of an asset used in an activity to which the at-risk rules apply and you have amounts in the activity for which you are not at risk, see the Instructions for Form 6198.

**Statutory employees,** include your deductible loss with other Schedule C amounts on Form 1040, line 12. Do **not** include this amount on Schedule SE, line 2.

Any loss from this business not allowed for 1990 because of the at-risk rules is treated as a deduction allocable to the business in 1991. For more details, see the Instructions for Form 6198 and **Pub. 925.**

## Part III

### Cost of Goods Sold

If you engaged in a trade or business in which the production, purchase, or sale of merchandise was an income-producing factor, merchandise inventories must be taken into account at the beginning and end of your tax year.

***Note:*** *Certain direct and indirect expenses must be capitalized or included in inventory. See the instructions for Part II.*

# Instructions for Schedule SE

## Social Security Self-Employment Tax

## A Change You Should Note

A new deduction is allowed in computing self-employment tax. For 1990, the deduction is 7.65% of your total earnings from self-employment. This deduction is computed on Schedule SE by multiplying your total earnings by .9235. (This gives the same deduction as multiplying total earnings by .0765 and then subtracting the result.)

## Purpose

Schedule SE is used to figure any tax due on net earnings from self-employment. You may also have to pay this tax on wages you were paid as an employee of an electing church or qualified church-controlled organization. The Social Security Administration uses the information from Schedule SE to figure your benefits under the social security program. This tax applies no matter how old you are, even if you are already getting social security benefits.

**Additional Information.** Get **Pub. 533,** Self-Employment Tax, for more details.

### Who *Must* File Schedule SE

You must file Schedule SE if both **a** and **b** below apply to you:

**a.** You were self-employed, and your net earnings from self-employment were $400 or more (or you had wages of $100 or more as an employee of an electing church or organization controlled by a church), AND

**b.** You did not have wages (including tips), other than Medicare qualified government wages, of $51,300 or more that were subject to social security tax or railroad retirement tax.

### Who *Can* File Schedule SE

Even if you are not required to file Schedule SE, it may be to your benefit to file it and use the "optional method" in Section B.

***Note:*** *Using the optional method may give you the benefits described below, but it may also increase your self-employment tax.*

**How can the optional method help you?**

*1. Social security coverage.*—The optional method may give you credit toward your social security coverage even though you have a loss or low income from self-employment.

*2. Earned income credit.*—Depending on your circumstances, using the optional method may qualify you to claim the earned income credit or give you a larger credit. This could happen if your net SE earnings determined without using the optional method are less than $1,600. Figure the earned income credit with and without using the optional method to see if the optional method will benefit you.

*3. Child and dependent care credit.*—The optional method may also help you qualify for this credit or give you a larger credit. This could happen if your net SE earnings determined without using the optional method are less than $1,600. Figure this credit with and without using the optional method to see if the optional method will benefit you.

### Who Is Subject to Self-Employment Tax?

**Self-Employed Persons.** You are subject to SE tax if you had net earnings from being self-employed. If you are in business for yourself, or you are a farmer, for example, you are self-employed.

Your share of certain partnership income and guaranteed payments are also subject to SE tax. See the instructions for **Partnerships** on page 45.

**Employees of Churches and Church Organizations.** If you were an employee of a church or qualified church-controlled organization that has a certificate in effect electing exemption from employer social security taxes, you may be subject to SE tax on your wages (church employee income). This applies if the wages were $100 or more from any one church or church-controlled organization. See line B at the top of Long Schedule SE.

**U.S. Citizens Employed by Foreign Governments or International Organizations.** You are subject to SE tax if you are a U.S. citizen employed by a foreign government (or, in certain cases, by a wholly-owned instrumentality of a foreign government or an international organization under the International Organizations Immunities Act) in one of the following countries: the U.S., Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Virgin Islands.

Report income from this employment on Schedule SE (Section A or B), line 2. If you are employed by a foreign government or an international organization in a country other than those listed, those earnings are not subject to SE tax.

**U.S. Citizens or Resident Aliens Living Outside the U.S.** If you are a self-employed U.S. citizen or resident alien living outside the U.S., in most cases you are subject to SE tax. You may not reduce your foreign earnings from self-employment by your foreign earned income exclusion.

**Coverage for Overseas Missionaries.** You may figure net earnings from self-employment as if you were in the U.S. if:

- You are a U.S. citizen;
- You were a minister (but not a Christian Science practitioner) or a member of a religious order serving outside the U.S.; and
- You are not exempt from SE tax because you filed **Form 4361,** Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners. Get **Pub. 517,** Social Security for Members of the Clergy and Religious Workers, for more details.

### Who Is Not Subject to Self-Employment Tax?

**Members of the Clergy and Certain Religious Orders and Sects.** In most cases you are subject to SE tax on net earnings you get as a minister, a member of a religious order who has not taken a vow of poverty, or a Christian Science practitioner. But you will not be subject to SE tax on those net earnings if you filed Form 4361 and IRS approved you as being exempt from SE tax. In this case, if you have no other income subject to SE tax, write "Exempt–Form 4361" on Form 1040, line 48. However, if you have other earnings of $400 or more subject to SE tax, see line A at the top of Long Schedule SE. ***Note:*** *If you have ever filed* ***Form 2031*** *to elect social security coverage on your earnings as a minister, you cannot change that election now.*

If you have conscientious objections to social security insurance because of your belief in the teachings of a recognized religious sect of which you are a member, you are not subject to SE tax if you got IRS approval by filing **Form 4029,** Application for Exemption From Social Security Taxes and Waiver of Benefits. In this case, do not file Schedule SE. Instead, write "Exempt–Form 4029" on Form 1040, line 48.

## General Information

**More Than One Business.** If you farmed and had at least one other business or you had two or more businesses, your net earnings from self-employment are the combined net earnings from all your businesses. If you had a loss in one business, it reduces the income from another. Figure the combined SE tax on one Schedule SE.

**Joint Returns.** Show the name of the spouse with SE income on Schedule SE. If both spouses have SE income, each must file a separate Schedule SE. If one spouse qualifies to use Short Schedule SE, and the other has to use Long Schedule SE, both can use one Schedule SE. One spouse should complete the front and the other the back.

Include the total profits or losses from all businesses on Form 1040, as appropriate. Enter the combined SE tax on Form 1040, line 48.

**Community Income.** In most cases, if any of the income from a business (including farming) is community income, all of the income from that business is SE earnings of the spouse who carried on the business. The facts in each case will determine which spouse carried on the business. If you and your spouse are partners in a partnership, see **Partnerships,** on page 45.

If you and your spouse have community income and file separate returns, attach Schedule SE to the return of the spouse with the SE income. Also attach Schedule(s) C or F.

***Caution:*** *Community income included on Schedule(s) C or F must be divided for income tax purposes on the basis of the community property laws.*

**Fiscal Year Filers.** If your tax year is a fiscal year, you must use the tax rate and earnings base that apply at the time the fiscal year begins. The tax or earnings base for a fiscal year that overlaps the date of a rate or earnings base change is not prorated.

## Specific Instructions

Read the top of page 1 of Schedule SE to see if you can use ***Section A,*** Short Schedule SE, or if you must use ***Section B,*** Long Schedule SE. For either section, you need to know what to include as net earnings from self-employment. Read the instructions below to see what to include as net earnings and how to fill in lines 1 and 2 of either Short or Long Schedule SE. Enter all negative amounts in parentheses.

### Net Earnings From Self-Employment

**What is included in net SE earnings?** In most cases, net earnings include your net profit from a farm or nonfarm business. If you are a partner in a partnership, see the instructions below.

Do not report on lines 1 and 2 any income or expense not included in figuring net SE earnings and attach an explanation.

If you deposited earnings into a capital construction fund set up under the Merchant Marine Act of 1936, get **Pub. 595,** Tax Guide for Commercial Fishermen.

If you are a duly ordained minister who is an employee of a church and you are subject to SE tax, the unreimbursed business expenses that you incurred as a church employee are allowed only as an itemized deduction for income tax purposes. They are deducted from your SE earnings in figuring SE tax. However, special rules apply. See Pub. 517.

### Partnerships

If you are a general partner, include in your total net earnings your share of partnership income or loss from the trade or business. Also include any guaranteed payments your partnership paid you for your personal services. If you are a limited partner, include only guaranteed payments. Line 15a of Schedule K-1 (Form 1065) should show net earnings for either general or limited partners.

Reduce lines 1 and 2 for any section 179 deduction, oil or gas depletion, or unreimbursed partnership expenses.

If your partnership is engaged solely in the operation of a group investment program, earnings from the operation are not SE earnings for either the general or limited partner.

If you are married and both you and your spouse are partners in a partnership, each of you is subject to SE tax on your own share of partnership income. Each of you must file a Schedule SE and report the partnership income or loss on **Schedule E** (Form 1040), Part II, for income tax purposes.

SE income belongs to the person who is the member of the partnership and cannot be treated as SE income by the nonmember spouse, even in community property states.

If a partner dies, and the partnership continues, the deceased's distributive share of the partnership's ordinary income or loss through the end of the month in which he or she dies must be included in SE income. See I. R. Code section 1402(f).

### Share Farming

You are considered self-employed if you produced crops or livestock on someone else's land for a share of the crops or livestock produced (or the proceeds from the sale of them). This applies even if you had another person (an agent) doing the actual work or management for you. Report your net earnings for income tax purposes on **Schedule F** (Form 1040) and for SE tax purposes on Schedule SE. For more details, get **Pub. 225,** Farmer's Tax Guide.

### Other Income Included in Net Earnings From Self-Employment

- Rental income from a farm, if, as landlord, you participated materially in the production or management of the production of farm products on this land. This income is farm earnings. To determine whether you participated materially in farm management or production, do not consider the activities of any agent who acted for you. The material participation tests are explained in Pub. 225.
- Cash or a payment-in-kind from the Department of Agriculture for being in a land diversion program.
- Payments for the use of rooms or other space when you also provided substantial services. Examples are hotel rooms, boarding houses, tourist camps or homes, parking lots, warehouses, and storage garages.
- Income from the retail sale of newspapers and magazines if you were 18 or older and kept the profits.
- Income as a crew member of a fishing vessel with a crew of normally less than 10 people. See Pub. 595.
- Fees as a state or local government employee if you were paid only on a fee basis and the job was not covered under a Federal-State social security coverage agreement.
- Interest received in the course of any trade or business, such as interest on notes or accounts receivable.
- The rental value of a home or an allowance for a home furnished to you as a minister or a member of a religious order. See Pub. 517.
- The value of meals and lodging given to you for the convenience of your employer if you are a minister or member of a religious order. See Pub. 17.
- Fees and other payments received by you for services as a director of a corporation.

***Note:*** *For SE tax purposes, director's earnings are treated as received when the services are performed, regardless of when paid.*

- Recapture amounts under sections 179 and 280F that you included in gross income because the business use of the property dropped to 50% or less. Do not include amounts you recaptured on the disposition of property. See **Form 4797,** Sales of Business Property.
- Fees you received as a professional fiduciary. This may also apply to fees you got as a nonprofessional fiduciary if the fees relate to active participation in the operation of the estate's business, or the management of an estate that required extensive management activities over a long period of time.

Option and commodity dealers engaged in trading section 1256 contracts, see I. R. Code section 1402(i) to figure net SE earnings.

### Income Not Included in Net Earnings From Self-Employment

- Salaries, fees, etc., subject to social security tax that you received for performing services as an employee, including services performed as a public official (except as a fee basis government employee as explained earlier under **Other Income Included in Net Earnings From Self-Employment**) or as an employee or employee representative under the railroad retirement system.
- Income you received as a retired partner under a written partnership plan that provides for lifelong periodic retirement payments if you had no other interest in the partnership and did not perform services for it during the year.
- Income from real estate rentals (including rentals paid in crop shares), if you did not get the income in the course of a trade or business as a real estate dealer. This includes cash and crop shares received from a tenant or sharefarmer. You should report this income on Schedule E.
- Dividends on shares of stock and interest on bonds, notes, etc., if you did not get the income in the course of your trade or business as a dealer in stocks or securities.
- Gain or loss from:

**a.** the sale or exchange of a capital asset;

**b.** the sale, exchange, involuntary conversion, or other disposition of property unless the property is stock-in-trade or other property that would be includible in inventory, or held primarily for sale to customers in the ordinary course of the business; or

**c.** certain transactions in timber, coal, or domestic iron ore.

- Net operating losses from other years.

**Statutory employee income.** If you were a statutory employee and filed Schedule C to report your income and expenses, **do not** include the net profit or (loss) on line 29 of that Schedule C on line 2 of the Short or Long Schedule SE. But do include the statutory employee income from line 1 of that Schedule C on Short Schedule SE, line 6, or Long Schedule SE, line 6a, whichever applies.

### Medicare Qualified Government Wages

**Section B, Long Schedule SE, Line 9**

Medicare qualified government wages are wages you get as a Federal, state, or local government employee that are subject ONLY to the 1.45% Medicare tax. If you received such wages, do NOT include them as social security wages on Long Schedule SE, line 6a, or on Short Schedule SE, line 6. If you must file Long Schedule SE, include them on line 9. Wages you enter on line 6 or 6a are subject to the old-age, survivors, and disability insurance tax as well as the 1.45% Medicare tax.

***Note:*** *Also see the instructions for Form 1040, line 61, to see if you should file* ***Form 4469,*** *Excess Medicare Tax Credit.*

You must use the worksheet below to figure your SE tax to enter on line 10 if:

**a.** you had Medicare qualified government wages as explained earlier, and

**b.** the total of the amounts on lines 6c, 7d, and 9 of Long Schedule SE is more than $51,300.

If you do not have to use the worksheet, complete line 10 following the instructions on the Schedule. Do not reduce the rate used on line 10 (.153) by the Medicare tax rate.

**Worksheet** (Keep for your records)

| | | |
|---|---|---|
| 1. Enter amount from Schedule SE, line 7d | 1. | |
| 2. Enter amount from Schedule SE, line 7a | 2. | |
| 3. Enter your Medicare qualified government wages from Schedule SE, line 9 | 3. | |
| 4. Subtract line 3 from line 2. (If zero or less, enter -0-.) | 4. | |
| 5. Multiply the **smaller** of line 1 or line 2 by .124 | 5. | |
| 6. Multiply the **smaller** of line 1 or line 4 by .029 | 6. | |
| 7. Add lines 5 and 6. Enter the total on Schedule SE, line 10, and on Form 1040, line 48. Also enter one-half of this amount on Form 1040, line 25 | 7. | |

### Optional Methods

#### Optional Method for FARM Income

*Was your gross farm income for the year $2,400 or less?* If it was, you can report on line 12, Part II, two-thirds of your gross farm income instead of your actual net earnings.

If your gross farm income was more than $2,400, and your net farm profits (defined below) were less than $1,733, you can report $1,600 on line 12, Part II.

If you can use this method, it can increase or decrease your net SE farm earnings, even if the farming business resulted in a loss. There is no limit on how many times you can use this method. If you use this method, you must apply it to all your farm earnings from self-employment for the year.

You may change the method after you file your return. For example, you can change from the regular to the optional method or from the optional to the regular method.

For a farm partnership, figure your share of gross income based on the partnership agreement. With guaranteed payments, your share of the partnership's gross income is your guaranteed payment plus your share of the gross income after it is reduced by all guaranteed payments of the partnership. If you are a limited partner, include only guaranteed payments.

**Net farm profits** is the total of the amounts from Schedule F (Form 1040), line 36, and Schedule K-1 (Form 1065), line 15a, from farm partnerships.

#### Optional Method for NONFARM Income

*Were your net nonfarm profits (defined below) less than $1,733, and also less than two-thirds of your gross nonfarm income?* If so, you may use this method if you are regularly self-employed or regularly a partner. You meet this requirement if you had actual net earnings from self-employment of $400 or more in at least 2 of the 3 years just before the year for which you use the nonfarm method. The net earnings of $400 or more could be from either farm or nonfarm earnings or both. The net earnings include your distributive share of the income or loss from any of your partnerships.

You may report on line 14, Part II, two-thirds of your gross nonfarm income, up to $1,600, as your net earnings. But **you may not report less than your actual net earnings** from nonfarm self-employment.

For a nonfarm partnership, see **Optional Method for Farm Income** on this page for details on how to figure your share of gross income from the partnership.

The limit for the optional method for nonfarm self-employment is 5 years. The 5 years do not have to be one after another.

**Net nonfarm profits** is the total of the amounts from Schedule C (Form 1040), line 29, and Schedule K-1 (Form 1065), line 15a, other than farm partnerships.

#### Using Both Optional Methods

If you can use both methods, you may report less than your total actual net earnings from farm and nonfarm income, but you **cannot** report less than your actual net earnings from nonfarm SE income alone.

If you use both methods to figure net earnings, you **cannot** report more than $1,600 of net SE earnings.

# Instructions for Schedule F

# Farm Income and Expenses

## A Change You Should Note

The requirements for completing and attaching **Form 4562,** Depreciation and Amortization, have been relaxed. Also, listed property now includes cellular telephones and other similar telecommunications equipment placed in service after 1989. See the instructions for **Schedule C** (Form 1040), line 13.

## Purpose

Use Schedule F to report farm income and expenses. File it with Forms 1040, 1041, or 1065.

**Additional Information. Pub. 225,** Farmer's Tax Guide, has samples of filled-in forms and schedules, and lists important dates that apply to farmers.

**Filers of Forms 1041 and 1065.** Do not complete the block labeled "Social security number (SSN)." Instead, enter your employer identification number on line D.

**Highway Use Tax.** If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your trade or business, you may have to pay a Federal highway use tax. Get **Form 2290,** Heavy Vehicle Use Tax Return, to see if you owe this tax.

If you had to make estimated tax payments in 1990 and you underpaid your estimated tax, you will not be charged a penalty if:

**1.** your gross farming or fishing income for 1989 or 1990 is at least two-thirds of your gross income, AND

**2.** you file your 1990 tax return and pay the tax due by March 1, 1991.

For more details, see Pub. 225.

**Do not** report the following income on Schedule F:

- Rent based on farm production or crop shares if you did not materially participate (for self-employment tax purposes) in the management or operation of the farm. Report this income on **Form 4835** and **Schedule E** (Form 1040). It is not subject to self-employment tax. See Pub. 225.
- Rent from pasture land that is based on a flat charge. Report this income in Part I of Schedule E. But report on line 10 of Schedule F pasture income received from taking care of someone else's livestock.
- Sales, exchanges, or involuntary conversions (other than casualties or thefts) of certain farm property. Report this income on **Form 4797.** For like-kind exchanges, also see **Form 8824.**
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Report this income on Form 4797.

Use **Form 4684** to report a casualty or theft involving farm business property, including livestock held for draft, breeding, sport, or dairy purposes.

See Pub. 225 for more information on how to report various farm losses, such as losses due to death of livestock or damage to crops or other farm property.

### Filing Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, annuities, and pensions. You may also have to file an information return if you sold $5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For more information, get the **Instructions for Forms 1099, 1098, 5498, and W-2G.**

If you received cash of more than $10,000 in one or more related transactions in your farming business, you may have to file **Form 8300.** For details, get **Pub. 1544,** Reporting Cash Payments of Over $10,000.

## Lines A and B

On line A, enter your principal crop or activity for the current year.

On line B, enter one of the 15 principal agricultural activity codes listed in Part IV on page 2 of Schedule F. Select the code that best describes the source of most of your income. **Field crop** pertains to the production of grains, such as wheat, rice, feed corn, soybeans, barley, rye, and lentils; and nongrains such as cotton, tobacco, sugar, and Irish potatoes. **Animal specialty** includes the raising of pets or laboratory animals, such as dogs, cats, bees, and snakes.

## Line C

Under the **cash method,** include all income in the year you actually get it. Generally, deduct expenses when you pay them. If you use the cash method, check the box labeled "Cash." Complete Parts I and II of Schedule F.

Under the **accrual method,** include income in the year you earn it. It does not matter when you get it. Deduct expenses when you incur them. If you use the accrual method, check the box labeled "Accrual." Complete Parts II, III, and line 11 of Schedule F.

Other rules apply that determine the timing of deductions based on economic performance. Get **Pub. 538,** Accounting Periods and Methods, for details.

**Farming syndicates** cannot use the cash method of accounting. A farming syndicate may be a partnership, any other noncorporate group, or an S corporation **if:**

**a.** the interests in the business have ever been for sale in a way that would require registration with any Federal or state agency, **or**

**b.** more than 35% of the loss during any tax year is spread between limited partners or limited entrepreneurs. (A *limited partner* is one who can lose only the amount invested in the partnership; a *limited entrepreneur* is a person who does not take any active part in managing the business.)

## Line D

You need an employer ID number only if you had a Keogh plan, or were required to file an employment, excise, fiduciary, partnership, or alcohol, tobacco, or firearms tax return.

## Line E

You can elect to include Commodity Credit Corporation loan proceeds as income in the year you received them instead of reporting as income the proceeds from the sale of the commodities in the year of sale or in the year of forfeiture. If you made this election and reported these loan proceeds as income in a prior year, check the "Yes" box on line E. Otherwise, check "No." For information on how to make this election, see the instructions for lines 7a–7c.

## Line F

### Material Participation

See the Instructions for **Schedule C** (Form 1040), line I, for the definition of material participation for purposes of the passive activity rules.

If you meet any of the material participation tests described in the line I instructions for Schedule C, check the "Yes" box.

If you are a retired or disabled farmer, you are treated as materially participating in a farming business if you materially participated 5 of the 8 years preceding your retirement or disability. Also, a surviving spouse is treated as materially participating in a farming activity if the real property used for farming meets the estate tax rules for special valuation of farm property passed from a qualifying decedent, and the surviving spouse actively manages the farm.

Check the "No" box if you did not materially participate. If you checked "No" and you have a loss from this business, see **Limit on Losses** on this page. If you have a profit from this business activity but have current-year losses from other passive activities or prior-year unallowed passive activity losses, see the Instructions for **Form 8582,** Passive Activity Loss Limitations.

**Limit on Losses.** If you checked the "No" box on line F and you have a loss from this business, you must use **Form 8582** to figure your allowable loss, if any, to enter on Schedule F, line 36. Generally, you can deduct losses from passive activities only to the extent of income from passive activities.

For more details, get **Pub. 925,** Passive Activity and At-Risk Rules.

## Line G

**Capitalization rules** apply if you produced real or tangible personal property or acquired property for resale (see **Exceptions** below). This means that certain expenses must be included in inventory costs or capitalized. These expenses include the direct costs of the property and the share of any indirect costs allocable to that property. But in some cases, you may be able to elect to currently deduct certain preproductive period expenses rather than capitalize them. See **Election To Deduct Certain Preproductive Period Expenses,** below.

**Exceptions.** These rules generally do NOT apply to:

**1.** expenses incurred after 1988 to raise animals,

**2.** expenses of producing any plant that has a preproductive period of 2 years or less, or

**3.** expenses of replanting certain crops if they were lost or damaged by reason of disease, drought, or other casualty.

***Note:*** *Exceptions **1** and **2** above do not apply to tax shelters, farm syndicates, or partnerships required to use the accrual method of accounting under I. R. Code section 447 or 448.*

**If you revoked a prior election** to deduct preproductive period expenses for animals, you must continue to apply the alternative depreciation rules to property placed in service while your election was in effect. Also, the expenses you previously elected to deduct will have to be recaptured as ordinary income when you dispose of the animals. If you revoked a prior election to use the simplified method of capitalizing the costs of raising female beef or dairy cattle, you must continue to amortize the costs capitalized in tax years beginning before 1989.

**Election To Deduct Certain Preproductive Period Expenses.** If the preproductive period of any plant you produce is more than 2 years, you may elect to currently deduct the expenses rather than capitalize them. But you may not make this election for the costs of planting or growing citrus or almond groves that are incurred before the close of the fourth tax year beginning with the tax year you plant them in their permanent grove.

***Note:*** *This election may not be made by tax shelters, farm syndicates, or partnerships required to use the accrual method of accounting under I. R. Code section 447 or 448.*

If you elect to currently deduct your preproductive period expenses for plants, you will have to recapture these costs as ordinary income when you dispose of this property. Also, the alternative depreciation rules apply to property placed in service in any tax year your election is in effect. Unless you obtain the consent of IRS, you must make this election for your first tax year after 1986 during which you engage in a farming business involving the production of property subject to the capitalization rules. You may not revoke this election without the consent of IRS.

For more information, see Pub. 225.

**Which Box Should I Check?** If you revoked a prior election for animals and do not have any preproductive period expenses, check the "Does Not Apply" box on line G. Also check this box if you do not, or did not, have preproductive period expenses or if you are not eligible to make the election.

Check the "Yes" box if you are electing to currently deduct your preproductive period expenses. Also check the "Yes" box if you made this election in a prior year.

Check the "No" box if you are capitalizing your preproductive period expenses. Also check the "No" box if you chose to capitalize them in a prior year.

***Caution:*** *If you are eligible to make this election but you do not check any of the boxes on line G and you deduct these expenses, you will be treated as if you checked the "Yes" box.*

## Part I

### Farm Income—Cash Method

In Part I show income received for items listed on lines 1 through 10. Count both the cash actually or constructively received and the fair market value of goods or other property received for these items.

Income is constructively received when it is credited to your account or set aside for you to use.

If you ran the farm yourself and received rents based on farm production or crop shares, report these rents as income on line 4.

**Sales of Livestock Because of Drought.** If you sold livestock because of a drought, you can count the income from the sale in the year after the drought, instead of the year of the sale. You can do this if:

- your main business is farming, AND
- you can show that you sold the livestock only because of the drought, AND
- your area qualified for Federal aid.

### Information Returns

If you received information returns (Forms 1099 or CCC-182) showing amounts paid to you, first determine if the amounts are to be included with farm income. Then, use the chart below to determine where to report the income on Schedule F. Include the Form 1099 or CCC-182 amounts with any other income reported on that line.

| Information return | Where to report |
|---|---|
| Form 1099-PATR | Line 5a |
| Form 1099-A | Line 7b |
| Form 1099-MISC (for crop insurance) | Line 8a |
| Forms 1099-G or CCC-182 (for disaster payments) | Line 8a |
| Forms 1099-G or CCC-182 (for other payments) | Line 6a |

You may also receive **Form 1099-MISC** for other types of income. In this case, report it on whichever line best describes the income. For example, if you received a Form 1099-MISC for custom farming work, include this amount on line 9, "Custom hire (machine work) income."

## Lines 1 and 2

On line 1 show amounts received from sales of livestock and other items bought for resale. On line 2 show the cost or other basis of the livestock and other items you actually sold.

## Line 4

Show amounts received from sales of livestock, produce, grains, and other products you raised.

## Lines 5a and 5b

If you received distributions from a cooperative in 1990, you should receive **Form 1099-PATR.** On line 5a show your total distributions from cooperatives. This includes patronage dividends, nonpatronage distributions, per-unit retain allocations, and redemption of nonqualified notices and per-unit retain allocations.

Show patronage dividends received in cash, and the dollar amount of qualified written notices of allocation. If you received property as patronage dividends, report the fair market value of the property as income. Include cash advances received from a marketing cooperative. If you received per-unit retains in cash, show the amount of cash. If you received qualified per-unit retain certificates, show the stated dollar amount of the certificate.

Do not include as income on line 5b patronage dividends from buying personal or family items, capital assets, or depreciable assets. Enter these amounts on line 5a only. If you do not report patronage dividends from these items as income, you must subtract the amount of the dividend from the cost or other basis of these items.

## Lines 6a and 6b

Enter on line 6a the TOTAL of the following amounts. These are government payments you received, usually reported to you on **Form 1099-G.** You may also receive Form CCC-182 from the Department of Agriculture showing the amounts and types of payments made to you.

- Price support payments.
- Diversion payments.
- Cost-share payments (sight drafts).
- Payments in the form of materials (such as fertilizer or lime) or services (such as grading or building dams).
- Face value of commodity credit certificates (often called "generic" or "PIK" certificates).

On line 6b report only the taxable amount. For example, if you qualify to exclude payments received under certain cost-sharing conservation programs (see Pub. 225), do not include these payments on line 6b.

## Lines 7a through 7c

**Commodity Credit Corporation (CCC) Loans.** Generally, you do not report CCC loan proceeds as income. However, if you pledge part or all of your production to secure a CCC loan, you may elect to report the loan proceeds as income in the year you receive them, instead of the year you sell the crop. If you make this election (or made the election in a prior year), report loan proceeds you received in 1990 on line 7a and attach a statement to your return showing the details of the loan(s).

If you made the election in a prior year to report loan proceeds as income, be sure you checked the "Yes" box on line E. Otherwise check "No." See the instructions for line E.

**What If I Forfeited a CCC Loan?** Include the full amount forfeited on line 7b, even if you reported the loan proceeds as income.

If you did **not** elect to report the loan proceeds as income, also include the forfeited amount on line 7c.

If you did elect to report the loan proceeds as income, you generally will not have an entry on line 7c. But if the amount forfeited is different from your basis in the commodity, you may have an entry on line 7c.

**What If I Repaid a CCC Loan With CCC Certificates?** Include on line 7b the amount of any CCC loan you repaid with certificates, even if you reported the loan proceeds as income.

If you did **not** elect to report the CCC loan proceeds as income, include on line 7c the amount of the loan you repaid with the certificates minus your basis in those certificates. Your basis in certificates is the face value of the certificates you included as income, or the amount you paid for them.

If you did elect to report the loan proceeds as income, do not include the amount of the loan you repaid with the certificates on line 7c.

For more information on the tax consequences of electing to report CCC loan proceeds as income, forfeiting CCC loans, and repaying CCC loans with certificates, see Pub. 225.

## Lines 8a through 8d

In general, you must report crop insurance proceeds in the year you receive them. Federal crop disaster payments are treated as crop insurance proceeds. However, if 1990 was the year of damage, you may elect to include certain proceeds in income next year. To make this election, check the box on line 8c and attach a statement to your return. See Pub. 225 for a description of the proceeds for which an election may be made and for what you must include in your statement.

Generally, if you elect to defer any eligible crop insurance proceeds, you must defer all such crop insurance proceeds (including Federal disaster payments).

Enter on line 8a the TOTAL crop insurance proceeds you received in 1990, even if you elect to include them in income next year.

Enter on line 8b the taxable amount of the proceeds you received in 1990. Do not include proceeds you elect to include in income next year.

Enter on line 8d the amount, if any, of crop insurance proceeds you received in 1989 and elected to include in income in 1990.

## Line 9

Enter on this line the income you received for custom hire (machine work).

## Line 10

Use this line to report income not shown on lines 1 through 9. For example, include the following income items on line 10:

- Illegal Federal irrigation subsidies, see Pub. 225.
- Bartering income.
- Income from discharge of indebtedness. Generally, if a debt is canceled or forgiven, you must include the canceled amount in income. However, certain solvent farmers may exclude from income discharged qualified farm indebtedness. For information on whether you must include in income any discharge of indebtedness, see Pub. 225.
- State gasoline or fuel tax refund you got in 1990.
- The amount of credit for Federal tax on fuels claimed on your 1989 Form 1040.
- The amount of credit for alcohol used as a fuel that was entered on **Form 6478.**

Report the sale of commodity futures contracts on this line if they were made to protect you from price changes. These are a form of business insurance and are considered hedges. Enter any profit on line 10. If you had a loss in a closed futures contract, show it as a minus amount.

***Caution:*** *For property acquired and hedging positions established, you must clearly identify on your books and records that the transaction was a hedging transaction.*

Purchase or sales contracts are not true hedges if they offset losses that already occurred. If you bought or sold commodity futures with the hope of making a profit due to favorable price changes, do not report the profit or loss on this line. Report it on **Form 6781.**

# Part II

## Farm Expenses

***Note:*** *Certain costs must be capitalized if you produced real or tangible personal property, or acquired property held for resale. Special rules apply to the capitalization of interest and certain farm costs. See the instructions for line G for more details.*

Do not reduce your deductions on lines 12–34d by the preproductive period expenses you are required to capitalize. Instead, enter the total amount capitalized in parentheses on line 34e. See **Preproductive Period Expenses** under the instructions for lines 34a through 34e on page 50 for more details.

Do not deduct:

- Personal or living expenses (such as taxes, insurance, or repairs on your home) that do not produce farm income.
- Expenses of raising anything you or your family used.
- The value of animals you raised that died.
- Loss of inventory.

- Personal losses.

If you were repaid for any part of an expense, you must subtract the amount you were repaid from the deduction.

**Prepaid Farming Expenses.** Generally, if you use the cash method of accounting, and your prepaid expenses are more than 50% of your other deductible farming expenses, your expenses for feed, seed, fertilizer, and other similar farm supplies are deductible only in the year that you actually use them. The cost of poultry bought for use in the business must be spread over the lesser of 12 months or the useful life of the poultry. The cost of poultry bought for resale is deductible in the year the poultry is sold or otherwise disposed of. For an exception to this rule and additional information on prepaid expenses, see Pub. 225.

## Line 14

Amounts you spent to conserve soil or water, or to prevent erosion of your land can be deducted only if the expenses are consistent with a conservation plan approved by the Soil Conservation Service (SCS) of the Department of Agriculture for the area in which your land is located. If no plan exists, the expenses must be consistent with a plan of a comparable state agency. You must attach **Form 8645,** Soil and Water Conservation Plan Certification, to your return if you claim this deduction.

Do not deduct expenses you pay or incur to drain or fill wetlands or to prepare land for center pivot irrigation systems.

Do not deduct more than 25% of your gross income from farming (excluding certain gains from selling assets such as farm machinery and land). If your conservation expenses are more than the limit, carry the excess over to following years. Attach a copy of the original Form 8645 to your return for each carryover year you claim the deduction.

## Line 15

Enter amounts paid for custom hire or machine work (the machine operator furnished the equipment). Do not include amounts paid for rental or lease of equipment that you operated yourself; report those amounts on line 26a.

## Line 16

You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature.

Do not deduct depreciation on your home, furniture, or other personal items, land, livestock you bought or raised for resale, or other property in your inventory.

You may also choose under section 179 to expense a portion of the cost of certain depreciable property you bought in 1990 for use in your business.

See the instructions for **Schedule C** (Form 1040), line 13, for more details, including when you must complete and attach **Form 4562.**

## Line 17

Enter any amounts you paid to programs for your employees that are not a part of the plans on line 25. Examples are insurance, health, and welfare programs. Do not include here amounts paid for yourself or your family.

## Line 18

Generally, you cannot currently deduct expenses for feed to be consumed by your livestock in a later tax year. See **Prepaid Farming Expenses,** earlier.

## Line 20

Do not include as freight paid the cost of transportation incurred in purchasing livestock held for resale. Instead, add these costs to the cost of the livestock, and deduct them when the livestock are sold.

## Line 22

Enter only the amount of premiums for fire, storm, crop, and theft insurance for this year for your farm business assets. Do not include insurance on personal assets, or medical, health, or disability insurance on yourself or your family.

***Note:*** *You may be able to deduct part of the amount paid for health insurance for you and your family even if you don't itemize your deductions. See the Instructions for Form 1040, line 26.*

## Lines 23a and 23b

**Interest Allocation Rules.** The tax treatment of interest expense differs depending on its type. For example, personal interest, home mortgage interest, and investment interest are all treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted on the right place of your return and gets the right tax treatment. These rules could affect how much interest you deduct on Schedule F.

Generally, you allocate interest expense by tracing how the proceeds of the loan are used. Get **Pub. 545,** Interest Expense, for details.

If you paid interest on a debt secured by your main home, and any of the proceeds from that debt were used in your farming business, see Pub. 545 to figure the amount that is deductible on Schedule F.

If you have a mortgage on real property used in your farming business (other than your main home), enter on line 23a the interest you paid for 1990 to banks or other financial institutions for which you received a **Form 1098,** Mortgage Interest Statement.

***Note:*** *If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your mortgage interest on line 23b.*

If you paid $600 or more of interest on this mortgage, the recipient should send you a Form 1098 or similar statement. It shows the total interest received from you during 1990. You should receive this statement by January 31, 1991. If you paid more mortgage interest to financial institutions than is shown on Form 1098, or similar statement, see Pub. 545 to find out if you can deduct the additional interest. If you can, enter the amount on line 23a. Attach a statement to your return explaining the difference and write "See attached" in the left margin next to line 23a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, report the interest on line 23b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the left margin, next to line 23b, write "See attached."

On line 23b, enter the interest on other loans related to this farm. Do not deduct interest you prepaid in 1990 for years after 1990. Include only the part that applies to 1990.

## Line 24

Enter amounts you paid for farm labor minus the amount of any jobs credit you claimed on **Form 5884.** Do not include amounts paid to yourself.

Count the cost of boarding farm labor but not the value of any products they used from the farm. Count only what you paid household help to care for farm laborers. Do not count the value of your own or your family's labor.

***Caution:*** *If you provided taxable fringe benefits to your employees, such as personal use of a car, do not include in farm labor the amounts you depreciated or deducted elsewhere.*

## Line 25

Enter what you paid for employee pension, profit-sharing, or annuity plans. If the plan included you as an owner-employee, see the instructions for **Schedule C** (Form 1040), line 19. Enter the amount you paid for yourself on Form 1040, line 27.

## Lines 26a and 26b

If you rented or leased vehicles, machinery, or equipment, enter on line 26a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an **inclusion amount** and **additional inclusion amount.** For details, see the instructions for **Schedule C** (Form 1040), line 20a.

Enter on line 26b amounts paid to rent or lease items such as pasture or farm land.

## Line 27

Enter what you paid for repairs and maintenance of farm buildings, machinery, and equipment. You can also include what you paid for tools of short life or small cost, such as shovels and rakes.

Do **not** deduct repairs or maintenance on your home.

## Line 31

You may deduct the following taxes:

- Real estate and personal property taxes on farm business assets.
- Social security taxes you paid to match what you are required to withhold from farm employees' wages and any Federal unemployment tax paid.
- Federal highway use tax.

**Do not deduct:**

- Federal income taxes.
- Estate and gift taxes.
- Taxes assessed for improvements, such as paving and sewers.
- Taxes on your home or personal property.
- State and local sales taxes (treat them as part of the cost of the property).
- Other taxes not related to the farm business.

## Line 32

Enter what you paid for gas, electricity, water, etc., for business use on the farm. Do not include personal utilities.

You cannot deduct the base rate (including taxes) of the first telephone line into your residence, even if you use it for business.

## Lines 34a through 34e

Include all ordinary and necessary farm expenses not deducted elsewhere on Schedule F, such as advertising, office supplies, etc. Also, see below.

**Amortization.** You can amortize qualifying forestation and reforestation costs over an 84-month period. You can also amortize certain business startup costs over a period of at least 60 months. For more details, get **Pub. 535**, Business Expenses. For amortization that begins in 1990, you must complete and attach **Form 4562.**

**At-Risk Loss Deduction.** Any loss from this activity that was not allowed as a deduction last year because of the at-risk rules is treated as a deduction allocable to this activity in 1990.

**Bad Debts.** Cash method taxpayers can deduct bad debts only if the amount was previously included in income. See the instructions for **Schedule C** (Form 1040), line 9.

**Car and Truck Expenses.** You can deduct the actual cost of running your car or truck, or take the standard mileage rate. You **must** use actual costs if you did not own the vehicle or if you used more than one vehicle simultaneously in your business.

If you deduct actual costs, include on line 34 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc. Show depreciation on line 16 and rent or lease payments on line 26a.

For 1990, the standard mileage rate is 26 cents a mile for all miles of business use. Add to this amount your parking fees and tolls.

For more details, get **Pub. 917,** Business Use of a Car.

***Note:** If you claim any car or truck expenses (actual costs or the standard mileage rate), you must complete Part V of **Form 4562.***

**Travel, Meals, and Entertainment.** Generally, you can deduct expenses for farm business travel, meals, and entertainment. But there are exceptions and limitations. See the instructions for **Schedule C** (Form 1040), line 24a and lines 24b and 24c.

**Preproductive Period Expenses.** Enter in parentheses on **line 34e,** preproductive period expenses that are capitalized. If you had preproductive period expenses in 1990 and you checked the "No" box on line G of Schedule F because you decided to capitalize these expenses, you MUST enter the total of these expenses in parentheses on line 34e and write "263A" in the space to the left of the total.

You should not have a "263A" entry on line 34e if any of the following applies:

- You checked the "No" box on line G, but did not have any preproductive period expenses in 1990.
- You made the election on line G to currently deduct your preproductive period expenses (you checked the "Yes" box), or
- You checked the "Does Not Apply" box on line G.

If you entered an amount in parentheses on line 34e because you have preproductive period expenses you are capitalizing, subtract the amount on line 34e from the total of lines 12 through 34d. Enter the result on line 35.

For more information, see the instructions for line G and Pub. 225.

## Line 36

If you have a loss, the amount of loss you can deduct this year may be limited. Go on to line 37 before entering your loss on line 36. If you answered "No" to Question F on Schedule F, also see the Instructions for **Form 8582.** Enter the net profit or **deductible** loss here and on Form 1040, line 19, and Schedule SE, line 1 (or Form 1041, line 5). Partnerships should stop here and enter the profit or loss on this line and on Form 1065, line 5.

## Line 37

### At-Risk Rules

Deductions for losses by persons who are engaged in a trade or business or an activity for the production of income, including the holding of real property, are limited to the amount they have at risk in the business.

If (1) you have a loss from any farming activity that you engaged in as a trade or business or for the production of income, including the holding of real property placed in service after 1986, **and** (2) you have amounts for which you are **not at risk** in the activity, use **Form 6198,** At-Risk Limitations, to determine your allowable loss.

Check **Box 37b** if you have amounts for which you are not at risk for this farm, such as the following:

**1.** Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity, unless they are secured by property not used in the activity or by certain real property; or

**2.** Amounts protected against loss by a guarantee, stop-loss agreement, or similar arrangement; or

**3.** Loans from someone who has an interest in the activity, other than as a creditor, or who is related, under section 465(b)(3)(C), to a person (other than yourself) having such an interest; or

**4.** Amounts contributed to the activity, or to your interest in the activity, that are covered by:

- nonrecourse loans or protected against loss by a guarantee, stop-loss agreement, or similar arrangement; or
- loans from a person described in 3 above.

If all amounts are at risk in this business, check **Box 37a** and enter your loss on line 36. But if you answered "No" to Question F, you must first complete **Form 8582** to figure your allowable loss to enter on line 36.

If you checked **Box 37b,** get Form 6198 to determine the amount of your deductible loss and enter that amount on line 36. But if you answered "No" to Question F, your loss may be further limited. See Form 8582. If your at-risk amount is zero or less, enter -0- on line 36. Be sure to attach Form 6198 to your return. If you checked Box 37b and you fail to attach Form 6198, processing of your tax return may be delayed.

If, in addition to the amount that you report on Schedule F, you sell or otherwise dispose of an asset used in an activity to which the at-risk rules apply and you have amounts in the activity for which you are not at risk, see the Instructions for Form 6198.

Any loss from this activity not allowed for 1990 because of the at-risk rules is treated as a deduction allocable to the activity in 1991.

For more details, get **Pub. 925,** Passive Activity and At-Risk Rules. Also see the Instructions for Form 6198.

## Part III

### Farm Income—Accrual Method

If you use the accrual method, report farm income when you earn it, not when you receive it. Generally, you must inventory your animals and crops if you use this method. Get **Pub. 538,** Accounting Periods and Methods, for exceptions, inventory methods, how to change methods of accounting, and for rules that require certain costs to be capitalized or included in inventory.

## Line 38

Enter the amount you received from the sales of livestock, produce, grains, and other products you raised.

## Lines 39a through 44

See instructions for Part I, lines 5a–7c, 9, and 10.

# 1990 Tax Table

**Use if your taxable income is less than $50,000. If $50,000 or more, use the Tax Rate Schedules.**

**Example:** Mr. and Mrs. Brown are filing a joint return. Their taxable income on line 37 of Form 1040 is $25,300. First, they find the $25,300–25,350 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is $3,799. This is the tax amount they must write on line 38 of their return.

| At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household |
|---|---|---|---|---|---|
| | | Your tax is— | | | |
| 25,200 | 25,250 | 4,535 | 3,784 | 4,954 | 3,784 |
| 25,250 | 25,300 | 4,549 | 3,791 | 4,968 | 3,791 |
| 25,300 | 25,350 | 4,563 | 3,799 | 4,982 | 3,799 |
| 25,350 | 25,400 | 4,577 | 3,806 | 4,996 | 3,806 |

| If line 37 (taxable income) is— | | And you are— | | | |
|---|---|---|---|---|---|
| At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household |
| | | Your tax is— | | | |
| $0 | $5 | $0 | $0 | $0 | $0 |
| 5 | 15 | 2 | 2 | 2 | 2 |
| 15 | 25 | 3 | 3 | 3 | 3 |
| 25 | 50 | 6 | 6 | 6 | 6 |
| 50 | 75 | 9 | 9 | 9 | 9 |
| 75 | 100 | 13 | 13 | 13 | 13 |
| 100 | 125 | 17 | 17 | 17 | 17 |
| 125 | 150 | 21 | 21 | 21 | 21 |
| 150 | 175 | 24 | 24 | 24 | 24 |
| 175 | 200 | 28 | 28 | 28 | 28 |
| 200 | 225 | 32 | 32 | 32 | 32 |
| 225 | 250 | 36 | 36 | 36 | 36 |
| 250 | 275 | 39 | 39 | 39 | 39 |
| 275 | 300 | 43 | 43 | 43 | 43 |
| 300 | 325 | 47 | 47 | 47 | 47 |
| 325 | 350 | 51 | 51 | 51 | 51 |
| 350 | 375 | 54 | 54 | 54 | 54 |
| 375 | 400 | 58 | 58 | 58 | 58 |
| 400 | 425 | 62 | 62 | 62 | 62 |
| 425 | 450 | 66 | 66 | 66 | 66 |
| 450 | 475 | 69 | 69 | 69 | 69 |
| 475 | 500 | 73 | 73 | 73 | 73 |
| 500 | 525 | 77 | 77 | 77 | 77 |
| 525 | 550 | 81 | 81 | 81 | 81 |
| 550 | 575 | 84 | 84 | 84 | 84 |
| 575 | 600 | 88 | 88 | 88 | 88 |
| 600 | 625 | 92 | 92 | 92 | 92 |
| 625 | 650 | 96 | 96 | 96 | 96 |
| 650 | 675 | 99 | 99 | 99 | 99 |
| 675 | 700 | 103 | 103 | 103 | 103 |
| 700 | 725 | 107 | 107 | 107 | 107 |
| 725 | 750 | 111 | 111 | 111 | 111 |
| 750 | 775 | 114 | 114 | 114 | 114 |
| 775 | 800 | 118 | 118 | 118 | 118 |
| 800 | 825 | 122 | 122 | 122 | 122 |
| 825 | 850 | 126 | 126 | 126 | 126 |
| 850 | 875 | 129 | 129 | 129 | 129 |
| 875 | 900 | 133 | 133 | 133 | 133 |
| 900 | 925 | 137 | 137 | 137 | 137 |
| 925 | 950 | 141 | 141 | 141 | 141 |
| 950 | 975 | 144 | 144 | 144 | 144 |
| 975 | 1,000 | 148 | 148 | 148 | 148 |
| **1,000** | | | | | |
| 1,000 | 1,025 | 152 | 152 | 152 | 152 |
| 1,025 | 1,050 | 156 | 156 | 156 | 156 |
| 1,050 | 1,075 | 159 | 159 | 159 | 159 |
| 1,075 | 1,100 | 163 | 163 | 163 | 163 |
| 1,100 | 1,125 | 167 | 167 | 167 | 167 |
| 1,125 | 1,150 | 171 | 171 | 171 | 171 |
| 1,150 | 1,175 | 174 | 174 | 174 | 174 |
| 1,175 | 1,200 | 178 | 178 | 178 | 178 |
| 1,200 | 1,225 | 182 | 182 | 182 | 182 |
| 1,225 | 1,250 | 186 | 186 | 186 | 186 |
| 1,250 | 1,275 | 189 | 189 | 189 | 189 |
| 1,275 | 1,300 | 193 | 193 | 193 | 193 |
| 1,300 | 1,325 | 197 | 197 | 197 | 197 |
| 1,325 | 1,350 | 201 | 201 | 201 | 201 |
| 1,350 | 1,375 | 204 | 204 | 204 | 204 |
| 1,375 | 1,400 | 208 | 208 | 208 | 208 |
| 1,400 | 1,425 | 212 | 212 | 212 | 212 |
| 1,425 | 1,450 | 216 | 216 | 216 | 216 |
| 1,450 | 1,475 | 219 | 219 | 219 | 219 |
| 1,475 | 1,500 | 223 | 223 | 223 | 223 |
| 1,500 | 1,525 | 227 | 227 | 227 | 227 |
| 1,525 | 1,550 | 231 | 231 | 231 | 231 |
| 1,550 | 1,575 | 234 | 234 | 234 | 234 |
| 1,575 | 1,600 | 238 | 238 | 238 | 238 |
| 1,600 | 1,625 | 242 | 242 | 242 | 242 |
| 1,625 | 1,650 | 246 | 246 | 246 | 246 |
| 1,650 | 1,675 | 249 | 249 | 249 | 249 |
| 1,675 | 1,700 | 253 | 253 | 253 | 253 |
| 1,700 | 1,725 | 257 | 257 | 257 | 257 |
| 1,725 | 1,750 | 261 | 261 | 261 | 261 |
| 1,750 | 1,775 | 264 | 264 | 264 | 264 |
| 1,775 | 1,800 | 268 | 268 | 268 | 268 |
| 1,800 | 1,825 | 272 | 272 | 272 | 272 |
| 1,825 | 1,850 | 276 | 276 | 276 | 276 |
| 1,850 | 1,875 | 279 | 279 | 279 | 279 |
| 1,875 | 1,900 | 283 | 283 | 283 | 283 |
| 1,900 | 1,925 | 287 | 287 | 287 | 287 |
| 1,925 | 1,950 | 291 | 291 | 291 | 291 |
| 1,950 | 1,975 | 294 | 294 | 294 | 294 |
| 1,975 | 2,000 | 298 | 298 | 298 | 298 |
| **2,000** | | | | | |
| 2,000 | 2,025 | 302 | 302 | 302 | 302 |
| 2,025 | 2,050 | 306 | 306 | 306 | 306 |
| 2,050 | 2,075 | 309 | 309 | 309 | 309 |
| 2,075 | 2,100 | 313 | 313 | 313 | 313 |
| 2,100 | 2,125 | 317 | 317 | 317 | 317 |
| 2,125 | 2,150 | 321 | 321 | 321 | 321 |
| 2,150 | 2,175 | 324 | 324 | 324 | 324 |
| 2,175 | 2,200 | 328 | 328 | 328 | 328 |
| 2,200 | 2,225 | 332 | 332 | 332 | 332 |
| 2,225 | 2,250 | 336 | 336 | 336 | 336 |
| 2,250 | 2,275 | 339 | 339 | 339 | 339 |
| 2,275 | 2,300 | 343 | 343 | 343 | 343 |
| 2,300 | 2,325 | 347 | 347 | 347 | 347 |
| 2,325 | 2,350 | 351 | 351 | 351 | 351 |
| 2,350 | 2,375 | 354 | 354 | 354 | 354 |
| 2,375 | 2,400 | 358 | 358 | 358 | 358 |
| 2,400 | 2,425 | 362 | 362 | 362 | 362 |
| 2,425 | 2,450 | 366 | 366 | 366 | 366 |
| 2,450 | 2,475 | 369 | 369 | 369 | 369 |
| 2,475 | 2,500 | 373 | 373 | 373 | 373 |
| 2,500 | 2,525 | 377 | 377 | 377 | 377 |
| 2,525 | 2,550 | 381 | 381 | 381 | 381 |
| 2,550 | 2,575 | 384 | 384 | 384 | 384 |
| 2,575 | 2,600 | 388 | 388 | 388 | 388 |
| 2,600 | 2,625 | 392 | 392 | 392 | 392 |
| 2,625 | 2,650 | 396 | 396 | 396 | 396 |
| 2,650 | 2,675 | 399 | 399 | 399 | 399 |
| 2,675 | 2,700 | 403 | 403 | 403 | 403 |
| 2,700 | 2,725 | 407 | 407 | 407 | 407 |
| 2,725 | 2,750 | 411 | 411 | 411 | 411 |
| 2,750 | 2,775 | 414 | 414 | 414 | 414 |
| 2,775 | 2,800 | 418 | 418 | 418 | 418 |
| 2,800 | 2,825 | 422 | 422 | 422 | 422 |
| 2,825 | 2,850 | 426 | 426 | 426 | 426 |
| 2,850 | 2,875 | 429 | 429 | 429 | 429 |
| 2,875 | 2,900 | 433 | 433 | 433 | 433 |
| 2,900 | 2,925 | 437 | 437 | 437 | 437 |
| 2,925 | 2,950 | 441 | 441 | 441 | 441 |
| 2,950 | 2,975 | 444 | 444 | 444 | 444 |
| 2,975 | 3,000 | 448 | 448 | 448 | 448 |
| **3,000** | | | | | |
| 3,000 | 3,050 | 454 | 454 | 454 | 454 |
| 3,050 | 3,100 | 461 | 461 | 461 | 461 |
| 3,100 | 3,150 | 469 | 469 | 469 | 469 |
| 3,150 | 3,200 | 476 | 476 | 476 | 476 |
| 3,200 | 3,250 | 484 | 484 | 484 | 484 |
| 3,250 | 3,300 | 491 | 491 | 491 | 491 |
| 3,300 | 3,350 | 499 | 499 | 499 | 499 |
| 3,350 | 3,400 | 506 | 506 | 506 | 506 |
| 3,400 | 3,450 | 514 | 514 | 514 | 514 |
| 3,450 | 3,500 | 521 | 521 | 521 | 521 |
| 3,500 | 3,550 | 529 | 529 | 529 | 529 |
| 3,550 | 3,600 | 536 | 536 | 536 | 536 |
| 3,600 | 3,650 | 544 | 544 | 544 | 544 |
| 3,650 | 3,700 | 551 | 551 | 551 | 551 |
| 3,700 | 3,750 | 559 | 559 | 559 | 559 |
| 3,750 | 3,800 | 566 | 566 | 566 | 566 |
| 3,800 | 3,850 | 574 | 574 | 574 | 574 |
| 3,850 | 3,900 | 581 | 581 | 581 | 581 |
| 3,900 | 3,950 | 589 | 589 | 589 | 589 |
| 3,950 | 4,000 | 596 | 596 | 596 | 596 |
| **4,000** | | | | | |
| 4,000 | 4,050 | 604 | 604 | 604 | 604 |
| 4,050 | 4,100 | 611 | 611 | 611 | 611 |
| 4,100 | 4,150 | 619 | 619 | 619 | 619 |
| 4,150 | 4,200 | 626 | 626 | 626 | 626 |
| 4,200 | 4,250 | 634 | 634 | 634 | 634 |
| 4,250 | 4,300 | 641 | 641 | 641 | 641 |
| 4,300 | 4,350 | 649 | 649 | 649 | 649 |
| 4,350 | 4,400 | 656 | 656 | 656 | 656 |
| 4,400 | 4,450 | 664 | 664 | 664 | 664 |
| 4,450 | 4,500 | 671 | 671 | 671 | 671 |
| 4,500 | 4,550 | 679 | 679 | 679 | 679 |
| 4,550 | 4,600 | 686 | 686 | 686 | 686 |
| 4,600 | 4,650 | 694 | 694 | 694 | 694 |
| 4,650 | 4,700 | 701 | 701 | 701 | 701 |
| 4,700 | 4,750 | 709 | 709 | 709 | 709 |
| 4,750 | 4,800 | 716 | 716 | 716 | 716 |
| 4,800 | 4,850 | 724 | 724 | 724 | 724 |
| 4,850 | 4,900 | 731 | 731 | 731 | 731 |
| 4,900 | 4,950 | 739 | 739 | 739 | 739 |
| 4,950 | 5,000 | 746 | 746 | 746 | 746 |

* This column must also be used by a qualifying widow(er).

Continued on next page

## 1990 Tax Table—*Continued*

| If line 37 (taxable income) is— | | And you are— | | | | If line 37 (taxable income) is— | | And you are— | | | | If line 37 (taxable income) is— | | And you are— | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household | At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household | At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household |
| | | Your tax is— | | | | | | Your tax is— | | | | | | Your tax is— | | | |
| **5,000** | | | | | | **8,000** | | | | | | **11,000** | | | | | |
| 5,000 | 5,050 | 754 | 754 | 754 | 754 | 8,000 | 8,050 | 1,204 | 1,204 | 1,204 | 1,204 | 11,000 | 11,050 | 1,654 | 1,654 | 1,654 | 1,654 |
| 5,050 | 5,100 | 761 | 761 | 761 | 761 | 8,050 | 8,100 | 1,211 | 1,211 | 1,211 | 1,211 | 11,050 | 11,100 | 1,661 | 1,661 | 1,661 | 1,661 |
| 5,100 | 5,150 | 769 | 769 | 769 | 769 | 8,100 | 8,150 | 1,219 | 1,219 | 1,219 | 1,219 | 11,100 | 11,150 | 1,669 | 1,669 | 1,669 | 1,669 |
| 5,150 | 5,200 | 776 | 776 | 776 | 776 | 8,150 | 8,200 | 1,226 | 1,226 | 1,226 | 1,226 | 11,150 | 11,200 | 1,676 | 1,676 | 1,676 | 1,676 |
| 5,200 | 5,250 | 784 | 784 | 784 | 784 | 8,200 | 8,250 | 1,234 | 1,234 | 1,234 | 1,234 | 11,200 | 11,250 | 1,684 | 1,684 | 1,684 | 1,684 |
| 5,250 | 5,300 | 791 | 791 | 791 | 791 | 8,250 | 8,300 | 1,241 | 1,241 | 1,241 | 1,241 | 11,250 | 11,300 | 1,691 | 1,691 | 1,691 | 1,691 |
| 5,300 | 5,350 | 799 | 799 | 799 | 799 | 8,300 | 8,350 | 1,249 | 1,249 | 1,249 | 1,249 | 11,300 | 11,350 | 1,699 | 1,699 | 1,699 | 1,699 |
| 5,350 | 5,400 | 806 | 806 | 806 | 806 | 8,350 | 8,400 | 1,256 | 1,256 | 1,256 | 1,256 | 11,350 | 11,400 | 1,706 | 1,706 | 1,706 | 1,706 |
| 5,400 | 5,450 | 814 | 814 | 814 | 814 | 8,400 | 8,450 | 1,264 | 1,264 | 1,264 | 1,264 | 11,400 | 11,450 | 1,714 | 1,714 | 1,714 | 1,714 |
| 5,450 | 5,500 | 821 | 821 | 821 | 821 | 8,450 | 8,500 | 1,271 | 1,271 | 1,271 | 1,271 | 11,450 | 11,500 | 1,721 | 1,721 | 1,721 | 1,721 |
| 5,500 | 5,550 | 829 | 829 | 829 | 829 | 8,500 | 8,550 | 1,279 | 1,279 | 1,279 | 1,279 | 11,500 | 11,550 | 1,729 | 1,729 | 1,729 | 1,729 |
| 5,550 | 5,600 | 836 | 836 | 836 | 836 | 8,550 | 8,600 | 1,286 | 1,286 | 1,286 | 1,286 | 11,550 | 11,600 | 1,736 | 1,736 | 1,736 | 1,736 |
| 5,600 | 5,650 | 844 | 844 | 844 | 844 | 8,600 | 8,650 | 1,294 | 1,294 | 1,294 | 1,294 | 11,600 | 11,650 | 1,744 | 1,744 | 1,744 | 1,744 |
| 5,650 | 5,700 | 851 | 851 | 851 | 851 | 8,650 | 8,700 | 1,301 | 1,301 | 1,301 | 1,301 | 11,650 | 11,700 | 1,751 | 1,751 | 1,751 | 1,751 |
| 5,700 | 5,750 | 859 | 859 | 859 | 859 | 8,700 | 8,750 | 1,309 | 1,309 | 1,309 | 1,309 | 11,700 | 11,750 | 1,759 | 1,759 | 1,759 | 1,759 |
| 5,750 | 5,800 | 866 | 866 | 866 | 866 | 8,750 | 8,800 | 1,316 | 1,316 | 1,316 | 1,316 | 11,750 | 11,800 | 1,766 | 1,766 | 1,766 | 1,766 |
| 5,800 | 5,850 | 874 | 874 | 874 | 874 | 8,800 | 8,850 | 1,324 | 1,324 | 1,324 | 1,324 | 11,800 | 11,850 | 1,774 | 1,774 | 1,774 | 1,774 |
| 5,850 | 5,900 | 881 | 881 | 881 | 881 | 8,850 | 8,900 | 1,331 | 1,331 | 1,331 | 1,331 | 11,850 | 11,900 | 1,781 | 1,781 | 1,781 | 1,781 |
| 5,900 | 5,950 | 889 | 889 | 889 | 889 | 8,900 | 8,950 | 1,339 | 1,339 | 1,339 | 1,339 | 11,900 | 11,950 | 1,789 | 1,789 | 1,789 | 1,789 |
| 5,950 | 6,000 | 896 | 896 | 896 | 896 | 8,950 | 9,000 | 1,346 | 1,346 | 1,346 | 1,346 | 11,950 | 12,000 | 1,796 | 1,796 | 1,796 | 1,796 |
| **6,000** | | | | | | **9,000** | | | | | | **12,000** | | | | | |
| 6,000 | 6,050 | 904 | 904 | 904 | 904 | 9,000 | 9,050 | 1,354 | 1,354 | 1,354 | 1,354 | 12,000 | 12,050 | 1,804 | 1,804 | 1,804 | 1,804 |
| 6,050 | 6,100 | 911 | 911 | 911 | 911 | 9,050 | 9,100 | 1,361 | 1,361 | 1,361 | 1,361 | 12,050 | 12,100 | 1,811 | 1,811 | 1,811 | 1,811 |
| 6,100 | 6,150 | 919 | 919 | 919 | 919 | 9,100 | 9,150 | 1,369 | 1,369 | 1,369 | 1,369 | 12,100 | 12,150 | 1,819 | 1,819 | 1,819 | 1,819 |
| 6,150 | 6,200 | 926 | 926 | 926 | 926 | 9,150 | 9,200 | 1,376 | 1,376 | 1,376 | 1,376 | 12,150 | 12,200 | 1,826 | 1,826 | 1,826 | 1,826 |
| 6,200 | 6,250 | 934 | 934 | 934 | 934 | 9,200 | 9,250 | 1,384 | 1,384 | 1,384 | 1,384 | 12,200 | 12,250 | 1,834 | 1,834 | 1,834 | 1,834 |
| 6,250 | 6,300 | 941 | 941 | 941 | 941 | 9,250 | 9,300 | 1,391 | 1,391 | 1,391 | 1,391 | 12,250 | 12,300 | 1,841 | 1,841 | 1,841 | 1,841 |
| 6,300 | 6,350 | 949 | 949 | 949 | 949 | 9,300 | 9,350 | 1,399 | 1,399 | 1,399 | 1,399 | 12,300 | 12,350 | 1,849 | 1,849 | 1,849 | 1,849 |
| 6,350 | 6,400 | 956 | 956 | 956 | 956 | 9,350 | 9,400 | 1,406 | 1,406 | 1,406 | 1,406 | 12,350 | 12,400 | 1,856 | 1,856 | 1,856 | 1,856 |
| 6,400 | 6,450 | 964 | 964 | 964 | 964 | 9,400 | 9,450 | 1,414 | 1,414 | 1,414 | 1,414 | 12,400 | 12,450 | 1,864 | 1,864 | 1,864 | 1,864 |
| 6,450 | 6,500 | 971 | 971 | 971 | 971 | 9,450 | 9,500 | 1,421 | 1,421 | 1,421 | 1,421 | 12,450 | 12,500 | 1,871 | 1,871 | 1,871 | 1,871 |
| 6,500 | 6,550 | 979 | 979 | 979 | 979 | 9,500 | 9,550 | 1,429 | 1,429 | 1,429 | 1,429 | 12,500 | 12,550 | 1,879 | 1,879 | 1,879 | 1,879 |
| 6,550 | 6,600 | 986 | 986 | 986 | 986 | 9,550 | 9,600 | 1,436 | 1,436 | 1,436 | 1,436 | 12,550 | 12,600 | 1,886 | 1,886 | 1,886 | 1,886 |
| 6,600 | 6,650 | 994 | 994 | 994 | 994 | 9,600 | 9,650 | 1,444 | 1,444 | 1,444 | 1,444 | 12,600 | 12,650 | 1,894 | 1,894 | 1,894 | 1,894 |
| 6,650 | 6,700 | 1,001 | 1,001 | 1,001 | 1,001 | 9,650 | 9,700 | 1,451 | 1,451 | 1,451 | 1,451 | 12,650 | 12,700 | 1,901 | 1,901 | 1,901 | 1,901 |
| 6,700 | 6,750 | 1,009 | 1,009 | 1,009 | 1,009 | 9,700 | 9,750 | 1,459 | 1,459 | 1,459 | 1,459 | 12,700 | 12,750 | 1,909 | 1,909 | 1,909 | 1,909 |
| 6,750 | 6,800 | 1,016 | 1,016 | 1,016 | 1,016 | 9,750 | 9,800 | 1,466 | 1,466 | 1,466 | 1,466 | 12,750 | 12,800 | 1,916 | 1,916 | 1,916 | 1,916 |
| 6,800 | 6,850 | 1,024 | 1,024 | 1,024 | 1,024 | 9,800 | 9,850 | 1,474 | 1,474 | 1,474 | 1,474 | 12,800 | 12,850 | 1,924 | 1,924 | 1,924 | 1,924 |
| 6,850 | 6,900 | 1,031 | 1,031 | 1,031 | 1,031 | 9,850 | 9,900 | 1,481 | 1,481 | 1,481 | 1,481 | 12,850 | 12,900 | 1,931 | 1,931 | 1,931 | 1,931 |
| 6,900 | 6,950 | 1,039 | 1,039 | 1,039 | 1,039 | 9,900 | 9,950 | 1,489 | 1,489 | 1,489 | 1,489 | 12,900 | 12,950 | 1,939 | 1,939 | 1,939 | 1,939 |
| 6,950 | 7,000 | 1,046 | 1,046 | 1,046 | 1,046 | 9,950 | 10,000 | 1,496 | 1,496 | 1,496 | 1,496 | 12,950 | 13,000 | 1,946 | 1,946 | 1,946 | 1,946 |
| **7,000** | | | | | | **10,000** | | | | | | **13,000** | | | | | |
| 7,000 | 7,050 | 1,054 | 1,054 | 1,054 | 1,054 | 10,000 | 10,050 | 1,504 | 1,504 | 1,504 | 1,504 | 13,000 | 13,050 | 1,954 | 1,954 | 1,954 | 1,954 |
| 7,050 | 7,100 | 1,061 | 1,061 | 1,061 | 1,061 | 10,050 | 10,100 | 1,511 | 1,511 | 1,511 | 1,511 | 13,050 | 13,100 | 1,961 | 1,961 | 1,961 | 1,961 |
| 7,100 | 7,150 | 1,069 | 1,069 | 1,069 | 1,069 | 10,100 | 10,150 | 1,519 | 1,519 | 1,519 | 1,519 | 13,100 | 13,150 | 1,969 | 1,969 | 1,969 | 1,969 |
| 7,150 | 7,200 | 1,076 | 1,076 | 1,076 | 1,076 | 10,150 | 10,200 | 1,526 | 1,526 | 1,526 | 1,526 | 13,150 | 13,200 | 1,976 | 1,976 | 1,976 | 1,976 |
| 7,200 | 7,250 | 1,084 | 1,084 | 1,084 | 1,084 | 10,200 | 10,250 | 1,534 | 1,534 | 1,534 | 1,534 | 13,200 | 13,250 | 1,984 | 1,984 | 1,984 | 1,984 |
| 7,250 | 7,300 | 1,091 | 1,091 | 1,091 | 1,091 | 10,250 | 10,300 | 1,541 | 1,541 | 1,541 | 1,541 | 13,250 | 13,300 | 1,991 | 1,991 | 1,991 | 1,991 |
| 7,300 | 7,350 | 1,099 | 1,099 | 1,099 | 1,099 | 10,300 | 10,350 | 1,549 | 1,549 | 1,549 | 1,549 | 13,300 | 13,350 | 1,999 | 1,999 | 1,999 | 1,999 |
| 7,350 | 7,400 | 1,106 | 1,106 | 1,106 | 1,106 | 10,350 | 10,400 | 1,556 | 1,556 | 1,556 | 1,556 | 13,350 | 13,400 | 2,006 | 2,006 | 2,006 | 2,006 |
| 7,400 | 7,450 | 1,114 | 1,114 | 1,114 | 1,114 | 10,400 | 10,450 | 1,564 | 1,564 | 1,564 | 1,564 | 13,400 | 13,450 | 2,014 | 2,014 | 2,014 | 2,014 |
| 7,450 | 7,500 | 1,121 | 1,121 | 1,121 | 1,121 | 10,450 | 10,500 | 1,571 | 1,571 | 1,571 | 1,571 | 13,450 | 13,500 | 2,021 | 2,021 | 2,021 | 2,021 |
| 7,500 | 7,550 | 1,129 | 1,129 | 1,129 | 1,129 | 10,500 | 10,550 | 1,579 | 1,579 | 1,579 | 1,579 | 13,500 | 13,550 | 2,029 | 2,029 | 2,029 | 2,029 |
| 7,550 | 7,600 | 1,136 | 1,136 | 1,136 | 1,136 | 10,550 | 10,600 | 1,586 | 1,586 | 1,586 | 1,586 | 13,550 | 13,600 | 2,036 | 2,036 | 2,036 | 2,036 |
| 7,600 | 7,650 | 1,144 | 1,144 | 1,144 | 1,144 | 10,600 | 10,650 | 1,594 | 1,594 | 1,594 | 1,594 | 13,600 | 13,650 | 2,044 | 2,044 | 2,044 | 2,044 |
| 7,650 | 7,700 | 1,151 | 1,151 | 1,151 | 1,151 | 10,650 | 10,700 | 1,601 | 1,601 | 1,601 | 1,601 | 13,650 | 13,700 | 2,051 | 2,051 | 2,051 | 2,051 |
| 7,700 | 7,750 | 1,159 | 1,159 | 1,159 | 1,159 | 10,700 | 10,750 | 1,609 | 1,609 | 1,609 | 1,609 | 13,700 | 13,750 | 2,059 | 2,059 | 2,059 | 2,059 |
| 7,750 | 7,800 | 1,166 | 1,166 | 1,166 | 1,166 | 10,750 | 10,800 | 1,616 | 1,616 | 1,616 | 1,616 | 13,750 | 13,800 | 2,066 | 2,066 | 2,066 | 2,066 |
| 7,800 | 7,850 | 1,174 | 1,174 | 1,174 | 1,174 | 10,800 | 10,850 | 1,624 | 1,624 | 1,624 | 1,624 | 13,800 | 13,850 | 2,074 | 2,074 | 2,074 | 2,074 |
| 7,850 | 7,900 | 1,181 | 1,181 | 1,181 | 1,181 | 10,850 | 10,900 | 1,631 | 1,631 | 1,631 | 1,631 | 13,850 | 13,900 | 2,081 | 2,081 | 2,081 | 2,081 |
| 7,900 | 7,950 | 1,189 | 1,189 | 1,189 | 1,189 | 10,900 | 10,950 | 1,639 | 1,639 | 1,639 | 1,639 | 13,900 | 13,950 | 2,089 | 2,089 | 2,089 | 2,089 |
| 7,950 | 8,000 | 1,196 | 1,196 | 1,196 | 1,196 | 10,950 | 11,000 | 1,646 | 1,646 | 1,646 | 1,646 | 13,950 | 14,000 | 2,096 | 2,096 | 2,096 | 2,096 |

* This column must also be used by a qualifying widow(er).

Continued on next page

## 1990 Tax Table—*Continued*

| If line 37 (taxable income) is— | | And you are— | | | | If line 37 (taxable income) is— | | And you are— | | | | If line 37 (taxable income) is— | | And you are— | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household | At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household | At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household |
| | | Your tax is— | | | | | | Your tax is— | | | | | | Your tax is— | | | |
| **14,000** | | | | | | **17,000** | | | | | | **20,000** | | | | | |
| 14,000 | 14,050 | 2,104 | 2,104 | 2,104 | 2,104 | 17,000 | 17,050 | 2,554 | 2,554 | 2,658 | 2,554 | 20,000 | 20,050 | 3,079 | 3,004 | 3,498 | 3,004 |
| 14,050 | 14,100 | 2,111 | 2,111 | 2,111 | 2,111 | 17,050 | 17,100 | 2,561 | 2,561 | 2,672 | 2,561 | 20,050 | 20,100 | 3,093 | 3,011 | 3,512 | 3,011 |
| 14,100 | 14,150 | 2,119 | 2,119 | 2,119 | 2,119 | 17,100 | 17,150 | 2,569 | 2,569 | 2,686 | 2,569 | 20,100 | 20,150 | 3,107 | 3,019 | 3,526 | 3,019 |
| 14,150 | 14,200 | 2,126 | 2,126 | 2,126 | 2,126 | 17,150 | 17,200 | 2,576 | 2,576 | 2,700 | 2,576 | 20,150 | 20,200 | 3,121 | 3,026 | 3,540 | 3,026 |
| 14,200 | 14,250 | 2,134 | 2,134 | 2,134 | 2,134 | 17,200 | 17,250 | 2,584 | 2,584 | 2,714 | 2,584 | 20,200 | 20,250 | 3,135 | 3,034 | 3,554 | 3,034 |
| 14,250 | 14,300 | 2,141 | 2,141 | 2,141 | 2,141 | 17,250 | 17,300 | 2,591 | 2,591 | 2,728 | 2,591 | 20,250 | 20,300 | 3,149 | 3,041 | 3,568 | 3,041 |
| 14,300 | 14,350 | 2,149 | 2,149 | 2,149 | 2,149 | 17,300 | 17,350 | 2,599 | 2,599 | 2,742 | 2,599 | 20,300 | 20,350 | 3,163 | 3,049 | 3,582 | 3,049 |
| 14,350 | 14,400 | 2,156 | 2,156 | 2,156 | 2,156 | 17,350 | 17,400 | 2,606 | 2,606 | 2,756 | 2,606 | 20,350 | 20,400 | 3,177 | 3,056 | 3,596 | 3,056 |
| 14,400 | 14,450 | 2,164 | 2,164 | 2,164 | 2,164 | 17,400 | 17,450 | 2,614 | 2,614 | 2,770 | 2,614 | 20,400 | 20,450 | 3,191 | 3,064 | 3,610 | 3,064 |
| 14,450 | 14,500 | 2,171 | 2,171 | 2,171 | 2,171 | 17,450 | 17,500 | 2,621 | 2,621 | 2,784 | 2,621 | 20,450 | 20,500 | 3,205 | 3,071 | 3,624 | 3,071 |
| 14,500 | 14,550 | 2,179 | 2,179 | 2,179 | 2,179 | 17,500 | 17,550 | 2,629 | 2,629 | 2,798 | 2,629 | 20,500 | 20,550 | 3,219 | 3,079 | 3,638 | 3,079 |
| 14,550 | 14,600 | 2,186 | 2,186 | 2,186 | 2,186 | 17,550 | 17,600 | 2,636 | 2,636 | 2,812 | 2,636 | 20,550 | 20,600 | 3,233 | 3,086 | 3,652 | 3,086 |
| 14,600 | 14,650 | 2,194 | 2,194 | 2,194 | 2,194 | 17,600 | 17,650 | 2,644 | 2,644 | 2,826 | 2,644 | 20,600 | 20,650 | 3,247 | 3,094 | 3,666 | 3,094 |
| 14,650 | 14,700 | 2,201 | 2,201 | 2,201 | 2,201 | 17,650 | 17,700 | 2,651 | 2,651 | 2,840 | 2,651 | 20,650 | 20,700 | 3,261 | 3,101 | 3,680 | 3,101 |
| 14,700 | 14,750 | 2,209 | 2,209 | 2,209 | 2,209 | 17,700 | 17,750 | 2,659 | 2,659 | 2,854 | 2,659 | 20,700 | 20,750 | 3,275 | 3,109 | 3,694 | 3,109 |
| 14,750 | 14,800 | 2,216 | 2,216 | 2,216 | 2,216 | 17,750 | 17,800 | 2,666 | 2,666 | 2,868 | 2,666 | 20,750 | 20,800 | 3,289 | 3,116 | 3,708 | 3,116 |
| 14,800 | 14,850 | 2,224 | 2,224 | 2,224 | 2,224 | 17,800 | 17,850 | 2,674 | 2,674 | 2,882 | 2,674 | 20,800 | 20,850 | 3,303 | 3,124 | 3,722 | 3,124 |
| 14,850 | 14,900 | 2,231 | 2,231 | 2,231 | 2,231 | 17,850 | 17,900 | 2,681 | 2,681 | 2,896 | 2,681 | 20,850 | 20,900 | 3,317 | 3,131 | 3,736 | 3,131 |
| 14,900 | 14,950 | 2,239 | 2,239 | 2,239 | 2,239 | 17,900 | 17,950 | 2,689 | 2,689 | 2,910 | 2,689 | 20,900 | 20,950 | 3,331 | 3,139 | 3,750 | 3,139 |
| 14,950 | 15,000 | 2,246 | 2,246 | 2,246 | 2,246 | 17,950 | 18,000 | 2,696 | 2,696 | 2,924 | 2,696 | 20,950 | 21,000 | 3,345 | 3,146 | 3,764 | 3,146 |
| **15,000** | | | | | | **18,000** | | | | | | **21,000** | | | | | |
| 15,000 | 15,050 | 2,254 | 2,254 | 2,254 | 2,254 | 18,000 | 18,050 | 2,704 | 2,704 | 2,938 | 2,704 | 21,000 | 21,050 | 3,359 | 3,154 | 3,778 | 3,154 |
| 15,050 | 15,100 | 2,261 | 2,261 | 2,261 | 2,261 | 18,050 | 18,100 | 2,711 | 2,711 | 2,952 | 2,711 | 21,050 | 21,100 | 3,373 | 3,161 | 3,792 | 3,161 |
| 15,100 | 15,150 | 2,269 | 2,269 | 2,269 | 2,269 | 18,100 | 18,150 | 2,719 | 2,719 | 2,966 | 2,719 | 21,100 | 21,150 | 3,387 | 3,169 | 3,806 | 3,169 |
| 15,150 | 15,200 | 2,276 | 2,276 | 2,276 | 2,276 | 18,150 | 18,200 | 2,726 | 2,726 | 2,980 | 2,726 | 21,150 | 21,200 | 3,401 | 3,176 | 3,820 | 3,176 |
| 15,200 | 15,250 | 2,284 | 2,284 | 2,284 | 2,284 | 18,200 | 18,250 | 2,734 | 2,734 | 2,994 | 2,734 | 21,200 | 21,250 | 3,415 | 3,184 | 3,834 | 3,184 |
| 15,250 | 15,300 | 2,291 | 2,291 | 2,291 | 2,291 | 18,250 | 18,300 | 2,741 | 2,741 | 3,008 | 2,741 | 21,250 | 21,300 | 3,429 | 3,191 | 3,848 | 3,191 |
| 15,300 | 15,350 | 2,299 | 2,299 | 2,299 | 2,299 | 18,300 | 18,350 | 2,749 | 2,749 | 3,022 | 2,749 | 21,300 | 21,350 | 3,443 | 3,199 | 3,862 | 3,199 |
| 15,350 | 15,400 | 2,306 | 2,306 | 2,306 | 2,306 | 18,350 | 18,400 | 2,756 | 2,756 | 3,036 | 2,756 | 21,350 | 21,400 | 3,457 | 3,206 | 3,876 | 3,206 |
| 15,400 | 15,450 | 2,314 | 2,314 | 2,314 | 2,314 | 18,400 | 18,450 | 2,764 | 2,764 | 3,050 | 2,764 | 21,400 | 21,450 | 3,471 | 3,214 | 3,890 | 3,214 |
| 15,450 | 15,500 | 2,321 | 2,321 | 2,321 | 2,321 | 18,450 | 18,500 | 2,771 | 2,771 | 3,064 | 2,771 | 21,450 | 21,500 | 3,485 | 3,221 | 3,904 | 3,221 |
| 15,500 | 15,550 | 2,329 | 2,329 | 2,329 | 2,329 | 18,500 | 18,550 | 2,779 | 2,779 | 3,078 | 2,779 | 21,500 | 21,550 | 3,499 | 3,229 | 3,918 | 3,229 |
| 15,550 | 15,600 | 2,336 | 2,336 | 2,336 | 2,336 | 18,550 | 18,600 | 2,786 | 2,786 | 3,092 | 2,786 | 21,550 | 21,600 | 3,513 | 3,236 | 3,932 | 3,236 |
| 15,600 | 15,650 | 2,344 | 2,344 | 2,344 | 2,344 | 18,600 | 18,650 | 2,794 | 2,794 | 3,106 | 2,794 | 21,600 | 21,650 | 3,527 | 3,244 | 3,946 | 3,244 |
| 15,650 | 15,700 | 2,351 | 2,351 | 2,351 | 2,351 | 18,650 | 18,700 | 2,801 | 2,801 | 3,120 | 2,801 | 21,650 | 21,700 | 3,541 | 3,251 | 3,960 | 3,251 |
| 15,700 | 15,750 | 2,359 | 2,359 | 2,359 | 2,359 | 18,700 | 18,750 | 2,809 | 2,809 | 3,134 | 2,809 | 21,700 | 21,750 | 3,555 | 3,259 | 3,974 | 3,259 |
| 15,750 | 15,800 | 2,366 | 2,366 | 2,366 | 2,366 | 18,750 | 18,800 | 2,816 | 2,816 | 3,148 | 2,816 | 21,750 | 21,800 | 3,569 | 3,266 | 3,988 | 3,266 |
| 15,800 | 15,850 | 2,374 | 2,374 | 2,374 | 2,374 | 18,800 | 18,850 | 2,824 | 2,824 | 3,162 | 2,824 | 21,800 | 21,850 | 3,583 | 3,274 | 4,002 | 3,274 |
| 15,850 | 15,900 | 2,381 | 2,381 | 2,381 | 2,381 | 18,850 | 18,900 | 2,831 | 2,831 | 3,176 | 2,831 | 21,850 | 21,900 | 3,597 | 3,281 | 4,016 | 3,281 |
| 15,900 | 15,950 | 2,389 | 2,389 | 2,389 | 2,389 | 18,900 | 18,950 | 2,839 | 2,839 | 3,190 | 2,839 | 21,900 | 21,950 | 3,611 | 3,289 | 4,030 | 3,289 |
| 15,950 | 16,000 | 2,396 | 2,396 | 2,396 | 2,396 | 18,950 | 19,000 | 2,846 | 2,846 | 3,204 | 2,846 | 21,950 | 22,000 | 3,625 | 3,296 | 4,044 | 3,296 |
| **16,000** | | | | | | **19,000** | | | | | | **22,000** | | | | | |
| 16,000 | 16,050 | 2,404 | 2,404 | 2,404 | 2,404 | 19,000 | 19,050 | 2,854 | 2,854 | 3,218 | 2,854 | 22,000 | 22,050 | 3,639 | 3,304 | 4,058 | 3,304 |
| 16,050 | 16,100 | 2,411 | 2,411 | 2,411 | 2,411 | 19,050 | 19,100 | 2,861 | 2,861 | 3,232 | 2,861 | 22,050 | 22,100 | 3,653 | 3,311 | 4,072 | 3,311 |
| 16,100 | 16,150 | 2,419 | 2,419 | 2,419 | 2,419 | 19,100 | 19,150 | 2,869 | 2,869 | 3,246 | 2,869 | 22,100 | 22,150 | 3,667 | 3,319 | 4,086 | 3,319 |
| 16,150 | 16,200 | 2,426 | 2,426 | 2,426 | 2,426 | 19,150 | 19,200 | 2,876 | 2,876 | 3,260 | 2,876 | 22,150 | 22,200 | 3,681 | 3,326 | 4,100 | 3,326 |
| 16,200 | 16,250 | 2,434 | 2,434 | 2,434 | 2,434 | 19,200 | 19,250 | 2,884 | 2,884 | 3,274 | 2,884 | 22,200 | 22,250 | 3,695 | 3,334 | 4,114 | 3,334 |
| 16,250 | 16,300 | 2,441 | 2,441 | 2,448 | 2,441 | 19,250 | 19,300 | 2,891 | 2,891 | 3,288 | 2,891 | 22,250 | 22,300 | 3,709 | 3,341 | 4,128 | 3,341 |
| 16,300 | 16,350 | 2,449 | 2,449 | 2,462 | 2,449 | 19,300 | 19,350 | 2,899 | 2,899 | 3,302 | 2,899 | 22,300 | 22,350 | 3,723 | 3,349 | 4,142 | 3,349 |
| 16,350 | 16,400 | 2,456 | 2,456 | 2,476 | 2,456 | 19,350 | 19,400 | 2,906 | 2,906 | 3,316 | 2,906 | 22,350 | 22,400 | 3,737 | 3,356 | 4,156 | 3,356 |
| 16,400 | 16,450 | 2,464 | 2,464 | 2,490 | 2,464 | 19,400 | 19,450 | 2,914 | 2,914 | 3,330 | 2,914 | 22,400 | 22,450 | 3,751 | 3,364 | 4,170 | 3,364 |
| 16,450 | 16,500 | 2,471 | 2,471 | 2,504 | 2,471 | 19,450 | 19,500 | 2,925 | 2,921 | 3,344 | 2,921 | 22,450 | 22,500 | 3,765 | 3,371 | 4,184 | 3,371 |
| 16,500 | 16,550 | 2,479 | 2,479 | 2,518 | 2,479 | 19,500 | 19,550 | 2,939 | 2,929 | 3,358 | 2,929 | 22,500 | 22,550 | 3,779 | 3,379 | 4,198 | 3,379 |
| 16,550 | 16,600 | 2,486 | 2,486 | 2,532 | 2,486 | 19,550 | 19,600 | 2,953 | 2,936 | 3,372 | 2,936 | 22,550 | 22,600 | 3,793 | 3,386 | 4,212 | 3,386 |
| 16,600 | 16,650 | 2,494 | 2,494 | 2,546 | 2,494 | 19,600 | 19,650 | 2,967 | 2,944 | 3,386 | 2,944 | 22,600 | 22,650 | 3,807 | 3,394 | 4,226 | 3,394 |
| 16,650 | 16,700 | 2,501 | 2,501 | 2,560 | 2,501 | 19,650 | 19,700 | 2,981 | 2,951 | 3,400 | 2,951 | 22,650 | 22,700 | 3,821 | 3,401 | 4,240 | 3,401 |
| 16,700 | 16,750 | 2,509 | 2,509 | 2,574 | 2,509 | 19,700 | 19,750 | 2,995 | 2,959 | 3,414 | 2,959 | 22,700 | 22,750 | 3,835 | 3,409 | 4,254 | 3,409 |
| 16,750 | 16,800 | 2,516 | 2,516 | 2,588 | 2,516 | 19,750 | 19,800 | 3,009 | 2,966 | 3,428 | 2,966 | 22,750 | 22,800 | 3,849 | 3,416 | 4,268 | 3,416 |
| 16,800 | 16,850 | 2,524 | 2,524 | 2,602 | 2,524 | 19,800 | 19,850 | 3,023 | 2,974 | 3,442 | 2,974 | 22,800 | 22,850 | 3,863 | 3,424 | 4,282 | 3,424 |
| 16,850 | 16,900 | 2,531 | 2,531 | 2,616 | 2,531 | 19,850 | 19,900 | 3,037 | 2,981 | 3,456 | 2,981 | 22,850 | 22,900 | 3,877 | 3,431 | 4,296 | 3,431 |
| 16,900 | 16,950 | 2,539 | 2,539 | 2,630 | 2,539 | 19,900 | 19,950 | 3,051 | 2,989 | 3,470 | 2,989 | 22,900 | 22,950 | 3,891 | 3,439 | 4,310 | 3,439 |
| 16,950 | 17,000 | 2,546 | 2,546 | 2,644 | 2,546 | 19,950 | 20,000 | 3,065 | 2,996 | 3,484 | 2,996 | 22,950 | 23,000 | 3,905 | 3,446 | 4,324 | 3,446 |

* This column must also be used by a qualifying widow(er).

Continued on next page

| If line 37 (taxable income) is— | | And you are— | | | |
|---|---|---|---|---|---|
| At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household |
| | | Your tax is— | | | |
| **23,000** | | | | | |
| 23,000 | 23,050 | 3,919 | 3,454 | 4,338 | 3,454 |
| 23,050 | 23,100 | 3,933 | 3,461 | 4,352 | 3,461 |
| 23,100 | 23,150 | 3,947 | 3,469 | 4,366 | 3,469 |
| 23,150 | 23,200 | 3,961 | 3,476 | 4,380 | 3,476 |
| 23,200 | 23,250 | 3,975 | 3,484 | 4,394 | 3,484 |
| 23,250 | 23,300 | 3,989 | 3,491 | 4,408 | 3,491 |
| 23,300 | 23,350 | 4,003 | 3,499 | 4,422 | 3,499 |
| 23,350 | 23,400 | 4,017 | 3,506 | 4,436 | 3,506 |
| 23,400 | 23,450 | 4,031 | 3,514 | 4,450 | 3,514 |
| 23,450 | 23,500 | 4,045 | 3,521 | 4,464 | 3,521 |
| 23,500 | 23,550 | 4,059 | 3,529 | 4,478 | 3,529 |
| 23,550 | 23,600 | 4,073 | 3,536 | 4,492 | 3,536 |
| 23,600 | 23,650 | 4,087 | 3,544 | 4,506 | 3,544 |
| 23,650 | 23,700 | 4,101 | 3,551 | 4,520 | 3,551 |
| 23,700 | 23,750 | 4,115 | 3,559 | 4,534 | 3,559 |
| 23,750 | 23,800 | 4,129 | 3,566 | 4,548 | 3,566 |
| 23,800 | 23,850 | 4,143 | 3,574 | 4,562 | 3,574 |
| 23,850 | 23,900 | 4,157 | 3,581 | 4,576 | 3,581 |
| 23,900 | 23,950 | 4,171 | 3,589 | 4,590 | 3,589 |
| 23,950 | 24,000 | 4,185 | 3,596 | 4,604 | 3,596 |
| **24,000** | | | | | |
| 24,000 | 24,050 | 4,199 | 3,604 | 4,618 | 3,604 |
| 24,050 | 24,100 | 4,213 | 3,611 | 4,632 | 3,611 |
| 24,100 | 24,150 | 4,227 | 3,619 | 4,646 | 3,619 |
| 24,150 | 24,200 | 4,241 | 3,626 | 4,660 | 3,626 |
| 24,200 | 24,250 | 4,255 | 3,634 | 4,674 | 3,634 |
| 24,250 | 24,300 | 4,269 | 3,641 | 4,688 | 3,641 |
| 24,300 | 24,350 | 4,283 | 3,649 | 4,702 | 3,649 |
| 24,350 | 24,400 | 4,297 | 3,656 | 4,716 | 3,656 |
| 24,400 | 24,450 | 4,311 | 3,664 | 4,730 | 3,664 |
| 24,450 | 24,500 | 4,325 | 3,671 | 4,744 | 3,671 |
| 24,500 | 24,550 | 4,339 | 3,679 | 4,758 | 3,679 |
| 24,550 | 24,600 | 4,353 | 3,686 | 4,772 | 3,686 |
| 24,600 | 24,650 | 4,367 | 3,694 | 4,786 | 3,694 |
| 24,650 | 24,700 | 4,381 | 3,701 | 4,800 | 3,701 |
| 24,700 | 24,750 | 4,395 | 3,709 | 4,814 | 3,709 |
| 24,750 | 24,800 | 4,409 | 3,716 | 4,828 | 3,716 |
| 24,800 | 24,850 | 4,423 | 3,724 | 4,842 | 3,724 |
| 24,850 | 24,900 | 4,437 | 3,731 | 4,856 | 3,731 |
| 24,900 | 24,950 | 4,451 | 3,739 | 4,870 | 3,739 |
| 24,950 | 25,000 | 4,465 | 3,746 | 4,884 | 3,746 |
| **25,000** | | | | | |
| 25,000 | 25,050 | 4,479 | 3,754 | 4,898 | 3,754 |
| 25,050 | 25,100 | 4,493 | 3,761 | 4,912 | 3,761 |
| 25,100 | 25,150 | 4,507 | 3,769 | 4,926 | 3,769 |
| 25,150 | 25,200 | 4,521 | 3,776 | 4,940 | 3,776 |
| 25,200 | 25,250 | 4,535 | 3,784 | 4,954 | 3,784 |
| 25,250 | 25,300 | 4,549 | 3,791 | 4,968 | 3,791 |
| 25,300 | 25,350 | 4,563 | 3,799 | 4,982 | 3,799 |
| 25,350 | 25,400 | 4,577 | 3,806 | 4,996 | 3,806 |
| 25,400 | 25,450 | 4,591 | 3,814 | 5,010 | 3,814 |
| 25,450 | 25,500 | 4,605 | 3,821 | 5,024 | 3,821 |
| 25,500 | 25,550 | 4,619 | 3,829 | 5,038 | 3,829 |
| 25,550 | 25,600 | 4,633 | 3,836 | 5,052 | 3,836 |
| 25,600 | 25,650 | 4,647 | 3,844 | 5,066 | 3,844 |
| 25,650 | 25,700 | 4,661 | 3,851 | 5,080 | 3,851 |
| 25,700 | 25,750 | 4,675 | 3,859 | 5,094 | 3,859 |
| 25,750 | 25,800 | 4,689 | 3,866 | 5,108 | 3,866 |
| 25,800 | 25,850 | 4,703 | 3,874 | 5,122 | 3,874 |
| 25,850 | 25,900 | 4,717 | 3,881 | 5,136 | 3,881 |
| 25,900 | 25,950 | 4,731 | 3,889 | 5,150 | 3,889 |
| 25,950 | 26,000 | 4,745 | 3,896 | 5,164 | 3,896 |
| **26,000** | | | | | |
| 26,000 | 26,050 | 4,759 | 3,904 | 5,178 | 3,904 |
| 26,050 | 26,100 | 4,773 | 3,911 | 5,192 | 3,915 |
| 26,100 | 26,150 | 4,787 | 3,919 | 5,206 | 3,929 |
| 26,150 | 26,200 | 4,801 | 3,926 | 5,220 | 3,943 |
| 26,200 | 26,250 | 4,815 | 3,934 | 5,234 | 3,957 |
| 26,250 | 26,300 | 4,829 | 3,941 | 5,248 | 3,971 |
| 26,300 | 26,350 | 4,843 | 3,949 | 5,262 | 3,985 |
| 26,350 | 26,400 | 4,857 | 3,956 | 5,276 | 3,999 |
| 26,400 | 26,450 | 4,871 | 3,964 | 5,290 | 4,013 |
| 26,450 | 26,500 | 4,885 | 3,971 | 5,304 | 4,027 |
| 26,500 | 26,550 | 4,899 | 3,979 | 5,318 | 4,041 |
| 26,550 | 26,600 | 4,913 | 3,986 | 5,332 | 4,055 |
| 26,600 | 26,650 | 4,927 | 3,994 | 5,346 | 4,069 |
| 26,650 | 26,700 | 4,941 | 4,001 | 5,360 | 4,083 |
| 26,700 | 26,750 | 4,955 | 4,009 | 5,374 | 4,097 |
| 26,750 | 26,800 | 4,969 | 4,016 | 5,388 | 4,111 |
| 26,800 | 26,850 | 4,983 | 4,024 | 5,402 | 4,125 |
| 26,850 | 26,900 | 4,997 | 4,031 | 5,416 | 4,139 |
| 26,900 | 26,950 | 5,011 | 4,039 | 5,430 | 4,153 |
| 26,950 | 27,000 | 5,025 | 4,046 | 5,444 | 4,167 |
| **27,000** | | | | | |
| 27,000 | 27,050 | 5,039 | 4,054 | 5,458 | 4,181 |
| 27,050 | 27,100 | 5,053 | 4,061 | 5,472 | 4,195 |
| 27,100 | 27,150 | 5,067 | 4,069 | 5,486 | 4,209 |
| 27,150 | 27,200 | 5,081 | 4,076 | 5,500 | 4,223 |
| 27,200 | 27,250 | 5,095 | 4,084 | 5,514 | 4,237 |
| 27,250 | 27,300 | 5,109 | 4,091 | 5,528 | 4,251 |
| 27,300 | 27,350 | 5,123 | 4,099 | 5,542 | 4,265 |
| 27,350 | 27,400 | 5,137 | 4,106 | 5,556 | 4,279 |
| 27,400 | 27,450 | 5,151 | 4,114 | 5,570 | 4,293 |
| 27,450 | 27,500 | 5,165 | 4,121 | 5,584 | 4,307 |
| 27,500 | 27,550 | 5,179 | 4,129 | 5,598 | 4,321 |
| 27,550 | 27,600 | 5,193 | 4,136 | 5,612 | 4,335 |
| 27,600 | 27,650 | 5,207 | 4,144 | 5,626 | 4,349 |
| 27,650 | 27,700 | 5,221 | 4,151 | 5,640 | 4,363 |
| 27,700 | 27,750 | 5,235 | 4,159 | 5,654 | 4,377 |
| 27,750 | 27,800 | 5,249 | 4,166 | 5,668 | 4,391 |
| 27,800 | 27,850 | 5,263 | 4,174 | 5,682 | 4,405 |
| 27,850 | 27,900 | 5,277 | 4,181 | 5,696 | 4,419 |
| 27,900 | 27,950 | 5,291 | 4,189 | 5,710 | 4,433 |
| 27,950 | 28,000 | 5,305 | 4,196 | 5,724 | 4,447 |
| **28,000** | | | | | |
| 28,000 | 28,050 | 5,319 | 4,204 | 5,738 | 4,461 |
| 28,050 | 28,100 | 5,333 | 4,211 | 5,752 | 4,475 |
| 28,100 | 28,150 | 5,347 | 4,219 | 5,766 | 4,489 |
| 28,150 | 28,200 | 5,361 | 4,226 | 5,780 | 4,503 |
| 28,200 | 28,250 | 5,375 | 4,234 | 5,794 | 4,517 |
| 28,250 | 28,300 | 5,389 | 4,241 | 5,808 | 4,531 |
| 28,300 | 28,350 | 5,403 | 4,249 | 5,822 | 4,545 |
| 28,350 | 28,400 | 5,417 | 4,256 | 5,836 | 4,559 |
| 28,400 | 28,450 | 5,431 | 4,264 | 5,850 | 4,573 |
| 28,450 | 28,500 | 5,445 | 4,271 | 5,864 | 4,587 |
| 28,500 | 28,550 | 5,459 | 4,279 | 5,878 | 4,601 |
| 28,550 | 28,600 | 5,473 | 4,286 | 5,892 | 4,615 |
| 28,600 | 28,650 | 5,487 | 4,294 | 5,906 | 4,629 |
| 28,650 | 28,700 | 5,501 | 4,301 | 5,920 | 4,643 |
| 28,700 | 28,750 | 5,515 | 4,309 | 5,934 | 4,657 |
| 28,750 | 28,800 | 5,529 | 4,316 | 5,948 | 4,671 |
| 28,800 | 28,850 | 5,543 | 4,324 | 5,962 | 4,685 |
| 28,850 | 28,900 | 5,557 | 4,331 | 5,976 | 4,699 |
| 28,900 | 28,950 | 5,571 | 4,339 | 5,990 | 4,713 |
| 28,950 | 29,000 | 5,585 | 4,346 | 6,004 | 4,727 |
| **29,000** | | | | | |
| 29,000 | 29,050 | 5,599 | 4,354 | 6,018 | 4,741 |
| 29,050 | 29,100 | 5,613 | 4,361 | 6,032 | 4,755 |
| 29,100 | 29,150 | 5,627 | 4,369 | 6,046 | 4,769 |
| 29,150 | 29,200 | 5,641 | 4,376 | 6,060 | 4,783 |
| 29,200 | 29,250 | 5,655 | 4,384 | 6,074 | 4,797 |
| 29,250 | 29,300 | 5,669 | 4,391 | 6,088 | 4,811 |
| 29,300 | 29,350 | 5,683 | 4,399 | 6,102 | 4,825 |
| 29,350 | 29,400 | 5,697 | 4,406 | 6,116 | 4,839 |
| 29,400 | 29,450 | 5,711 | 4,414 | 6,130 | 4,853 |
| 29,450 | 29,500 | 5,725 | 4,421 | 6,144 | 4,867 |
| 29,500 | 29,550 | 5,739 | 4,429 | 6,158 | 4,881 |
| 29,550 | 29,600 | 5,753 | 4,436 | 6,172 | 4,895 |
| 29,600 | 29,650 | 5,767 | 4,444 | 6,186 | 4,909 |
| 29,650 | 29,700 | 5,781 | 4,451 | 6,200 | 4,923 |
| 29,700 | 29,750 | 5,795 | 4,459 | 6,214 | 4,937 |
| 29,750 | 29,800 | 5,809 | 4,466 | 6,228 | 4,951 |
| 29,800 | 29,850 | 5,823 | 4,474 | 6,242 | 4,965 |
| 29,850 | 29,900 | 5,837 | 4,481 | 6,256 | 4,979 |
| 29,900 | 29,950 | 5,851 | 4,489 | 6,270 | 4,993 |
| 29,950 | 30,000 | 5,865 | 4,496 | 6,284 | 5,007 |
| **30,000** | | | | | |
| 30,000 | 30,050 | 5,879 | 4,504 | 6,298 | 5,021 |
| 30,050 | 30,100 | 5,893 | 4,511 | 6,312 | 5,035 |
| 30,100 | 30,150 | 5,907 | 4,519 | 6,326 | 5,049 |
| 30,150 | 30,200 | 5,921 | 4,526 | 6,340 | 5,063 |
| 30,200 | 30,250 | 5,935 | 4,534 | 6,354 | 5,077 |
| 30,250 | 30,300 | 5,949 | 4,541 | 6,368 | 5,091 |
| 30,300 | 30,350 | 5,963 | 4,549 | 6,382 | 5,105 |
| 30,350 | 30,400 | 5,977 | 4,556 | 6,396 | 5,119 |
| 30,400 | 30,450 | 5,991 | 4,564 | 6,410 | 5,133 |
| 30,450 | 30,500 | 6,005 | 4,571 | 6,424 | 5,147 |
| 30,500 | 30,550 | 6,019 | 4,579 | 6,438 | 5,161 |
| 30,550 | 30,600 | 6,033 | 4,586 | 6,452 | 5,175 |
| 30,600 | 30,650 | 6,047 | 4,594 | 6,466 | 5,189 |
| 30,650 | 30,700 | 6,061 | 4,601 | 6,480 | 5,203 |
| 30,700 | 30,750 | 6,075 | 4,609 | 6,494 | 5,217 |
| 30,750 | 30,800 | 6,089 | 4,616 | 6,508 | 5,231 |
| 30,800 | 30,850 | 6,103 | 4,624 | 6,522 | 5,245 |
| 30,850 | 30,900 | 6,117 | 4,631 | 6,536 | 5,259 |
| 30,900 | 30,950 | 6,131 | 4,639 | 6,550 | 5,273 |
| 30,950 | 31,000 | 6,145 | 4,646 | 6,564 | 5,287 |
| **31,000** | | | | | |
| 31,000 | 31,050 | 6,159 | 4,654 | 6,578 | 5,301 |
| 31,050 | 31,100 | 6,173 | 4,661 | 6,592 | 5,315 |
| 31,100 | 31,150 | 6,187 | 4,669 | 6,606 | 5,329 |
| 31,150 | 31,200 | 6,201 | 4,676 | 6,620 | 5,343 |
| 31,200 | 31,250 | 6,215 | 4,684 | 6,634 | 5,357 |
| 31,250 | 31,300 | 6,229 | 4,691 | 6,648 | 5,371 |
| 31,300 | 31,350 | 6,243 | 4,699 | 6,662 | 5,385 |
| 31,350 | 31,400 | 6,257 | 4,706 | 6,676 | 5,399 |
| 31,400 | 31,450 | 6,271 | 4,714 | 6,690 | 5,413 |
| 31,450 | 31,500 | 6,285 | 4,721 | 6,704 | 5,427 |
| 31,500 | 31,550 | 6,299 | 4,729 | 6,718 | 5,441 |
| 31,550 | 31,600 | 6,313 | 4,736 | 6,732 | 5,455 |
| 31,600 | 31,650 | 6,327 | 4,744 | 6,746 | 5,469 |
| 31,650 | 31,700 | 6,341 | 4,751 | 6,760 | 5,483 |
| 31,700 | 31,750 | 6,355 | 4,759 | 6,774 | 5,497 |
| 31,750 | 31,800 | 6,369 | 4,766 | 6,788 | 5,511 |
| 31,800 | 31,850 | 6,383 | 4,774 | 6,802 | 5,525 |
| 31,850 | 31,900 | 6,397 | 4,781 | 6,816 | 5,539 |
| 31,900 | 31,950 | 6,411 | 4,789 | 6,830 | 5,553 |
| 31,950 | 32,000 | 6,425 | 4,796 | 6,844 | 5,567 |

* This column must also be used by a qualifying widow(er).

Continued on next page

## 1990 Tax Table—*Continued*

| If line 37 (taxable income) is— | | And you are— | | | | If line 37 (taxable income) is— | | And you are— | | | | If line 37 (taxable income) is— | | And you are— | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household | At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household | At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household |
| | | Your tax is— | | | | | | Your tax is— | | | | | | Your tax is— | | | |
| **32,000** | | | | | | **35,000** | | | | | | **38,000** | | | | | |
| 32,000 | 32,050 | 6,439 | 4,804 | 6,858 | 5,581 | 35,000 | 35,050 | 7,279 | 5,589 | 7,698 | 6,421 | 38,000 | 38,050 | 8,119 | 6,429 | 8,538 | 7,261 |
| 32,050 | 32,100 | 6,453 | 4,811 | 6,872 | 5,595 | 35,050 | 35,100 | 7,293 | 5,603 | 7,712 | 6,435 | 38,050 | 38,100 | 8,133 | 6,443 | 8,552 | 7,275 |
| 32,100 | 32,150 | 6,467 | 4,819 | 6,886 | 5,609 | 35,100 | 35,150 | 7,307 | 5,617 | 7,726 | 6,449 | 38,100 | 38,150 | 8,147 | 6,457 | 8,566 | 7,289 |
| 32,150 | 32,200 | 6,481 | 4,826 | 6,900 | 5,623 | 35,150 | 35,200 | 7,321 | 5,631 | 7,740 | 6,463 | 38,150 | 38,200 | 8,161 | 6,471 | 8,580 | 7,303 |
| 32,200 | 32,250 | 6,495 | 4,834 | 6,914 | 5,637 | 35,200 | 35,250 | 7,335 | 5,645 | 7,754 | 6,477 | 38,200 | 38,250 | 8,175 | 6,485 | 8,594 | 7,317 |
| 32,250 | 32,300 | 6,509 | 4,841 | 6,928 | 5,651 | 35,250 | 35,300 | 7,349 | 5,659 | 7,768 | 6,491 | 38,250 | 38,300 | 8,189 | 6,499 | 8,608 | 7,331 |
| 32,300 | 32,350 | 6,523 | 4,849 | 6,942 | 5,665 | 35,300 | 35,350 | 7,363 | 5,673 | 7,782 | 6,505 | 38,300 | 38,350 | 8,203 | 6,513 | 8,622 | 7,345 |
| 32,350 | 32,400 | 6,537 | 4,856 | 6,956 | 5,679 | 35,350 | 35,400 | 7,377 | 5,687 | 7,796 | 6,519 | 38,350 | 38,400 | 8,217 | 6,527 | 8,636 | 7,359 |
| 32,400 | 32,450 | 6,551 | 4,864 | 6,970 | 5,693 | 35,400 | 35,450 | 7,391 | 5,701 | 7,810 | 6,533 | 38,400 | 38,450 | 8,231 | 6,541 | 8,650 | 7,373 |
| 32,450 | 32,500 | 6,565 | 4,875 | 6,984 | 5,707 | 35,450 | 35,500 | 7,405 | 5,715 | 7,824 | 6,547 | 38,450 | 38,500 | 8,245 | 6,555 | 8,664 | 7,387 |
| 32,500 | 32,550 | 6,579 | 4,889 | 6,998 | 5,721 | 35,500 | 35,550 | 7,419 | 5,729 | 7,838 | 6,561 | 38,500 | 38,550 | 8,259 | 6,569 | 8,678 | 7,401 |
| 32,550 | 32,600 | 6,593 | 4,903 | 7,012 | 5,735 | 35,550 | 35,600 | 7,433 | 5,743 | 7,852 | 6,575 | 38,550 | 38,600 | 8,273 | 6,583 | 8,692 | 7,415 |
| 32,600 | 32,650 | 6,607 | 4,917 | 7,026 | 5,749 | 35,600 | 35,650 | 7,447 | 5,757 | 7,866 | 6,589 | 38,600 | 38,650 | 8,287 | 6,597 | 8,706 | 7,429 |
| 32,650 | 32,700 | 6,621 | 4,931 | 7,040 | 5,763 | 35,650 | 35,700 | 7,461 | 5,771 | 7,880 | 6,603 | 38,650 | 38,700 | 8,301 | 6,611 | 8,720 | 7,443 |
| 32,700 | 32,750 | 6,635 | 4,945 | 7,054 | 5,777 | 35,700 | 35,750 | 7,475 | 5,785 | 7,894 | 6,617 | 38,700 | 38,750 | 8,315 | 6,625 | 8,734 | 7,457 |
| 32,750 | 32,800 | 6,649 | 4,959 | 7,068 | 5,791 | 35,750 | 35,800 | 7,489 | 5,799 | 7,908 | 6,631 | 38,750 | 38,800 | 8,329 | 6,639 | 8,748 | 7,471 |
| 32,800 | 32,850 | 6,663 | 4,973 | 7,082 | 5,805 | 35,800 | 35,850 | 7,503 | 5,813 | 7,922 | 6,645 | 38,800 | 38,850 | 8,343 | 6,653 | 8,762 | 7,485 |
| 32,850 | 32,900 | 6,677 | 4,987 | 7,096 | 5,819 | 35,850 | 35,900 | 7,517 | 5,827 | 7,936 | 6,659 | 38,850 | 38,900 | 8,357 | 6,667 | 8,776 | 7,499 |
| 32,900 | 32,950 | 6,691 | 5,001 | 7,110 | 5,833 | 35,900 | 35,950 | 7,531 | 5,841 | 7,950 | 6,673 | 38,900 | 38,950 | 8,371 | 6,681 | 8,790 | 7,513 |
| 32,950 | 33,000 | 6,705 | 5,015 | 7,124 | 5,847 | 35,950 | 36,000 | 7,545 | 5,855 | 7,964 | 6,687 | 38,950 | 39,000 | 8,385 | 6,695 | 8,804 | 7,527 |
| **33,000** | | | | | | **36,000** | | | | | | **39,000** | | | | | |
| 33,000 | 33,050 | 6,719 | 5,029 | 7,138 | 5,861 | 36,000 | 36,050 | 7,559 | 5,869 | 7,978 | 6,701 | 39,000 | 39,050 | 8,399 | 6,709 | 8,818 | 7,541 |
| 33,050 | 33,100 | 6,733 | 5,043 | 7,152 | 5,875 | 36,050 | 36,100 | 7,573 | 5,883 | 7,992 | 6,715 | 39,050 | 39,100 | 8,413 | 6,723 | 8,832 | 7,555 |
| 33,100 | 33,150 | 6,747 | 5,057 | 7,166 | 5,889 | 36,100 | 36,150 | 7,587 | 5,897 | 8,006 | 6,729 | 39,100 | 39,150 | 8,427 | 6,737 | 8,846 | 7,569 |
| 33,150 | 33,200 | 6,761 | 5,071 | 7,180 | 5,903 | 36,150 | 36,200 | 7,601 | 5,911 | 8,020 | 6,743 | 39,150 | 39,200 | 8,441 | 6,751 | 8,860 | 7,583 |
| 33,200 | 33,250 | 6,775 | 5,085 | 7,194 | 5,917 | 36,200 | 36,250 | 7,615 | 5,925 | 8,034 | 6,757 | 39,200 | 39,250 | 8,455 | 6,765 | 8,875 | 7,597 |
| 33,250 | 33,300 | 6,789 | 5,099 | 7,208 | 5,931 | 36,250 | 36,300 | 7,629 | 5,939 | 8,048 | 6,771 | 39,250 | 39,300 | 8,469 | 6,779 | 8,892 | 7,611 |
| 33,300 | 33,350 | 6,803 | 5,113 | 7,222 | 5,945 | 36,300 | 36,350 | 7,643 | 5,953 | 8,062 | 6,785 | 39,300 | 39,350 | 8,483 | 6,793 | 8,908 | 7,625 |
| 33,350 | 33,400 | 6,817 | 5,127 | 7,236 | 5,959 | 36,350 | 36,400 | 7,657 | 5,967 | 8,076 | 6,799 | 39,350 | 39,400 | 8,497 | 6,807 | 8,925 | 7,639 |
| 33,400 | 33,450 | 6,831 | 5,141 | 7,250 | 5,973 | 36,400 | 36,450 | 7,671 | 5,981 | 8,090 | 6,813 | 39,400 | 39,450 | 8,511 | 6,821 | 8,941 | 7,653 |
| 33,450 | 33,500 | 6,845 | 5,155 | 7,264 | 5,987 | 36,450 | 36,500 | 7,685 | 5,995 | 8,104 | 6,827 | 39,450 | 39,500 | 8,525 | 6,835 | 8,958 | 7,667 |
| 33,500 | 33,550 | 6,859 | 5,169 | 7,278 | 6,001 | 36,500 | 36,550 | 7,699 | 6,009 | 8,118 | 6,841 | 39,500 | 39,550 | 8,539 | 6,849 | 8,974 | 7,681 |
| 33,550 | 33,600 | 6,873 | 5,183 | 7,292 | 6,015 | 36,550 | 36,600 | 7,713 | 6,023 | 8,132 | 6,855 | 39,550 | 39,600 | 8,553 | 6,863 | 8,991 | 7,695 |
| 33,600 | 33,650 | 6,887 | 5,197 | 7,306 | 6,029 | 36,600 | 36,650 | 7,727 | 6,037 | 8,146 | 6,869 | 39,600 | 39,650 | 8,567 | 6,877 | 9,007 | 7,709 |
| 33,650 | 33,700 | 6,901 | 5,211 | 7,320 | 6,043 | 36,650 | 36,700 | 7,741 | 6,051 | 8,160 | 6,883 | 39,650 | 39,700 | 8,581 | 6,891 | 9,024 | 7,723 |
| 33,700 | 33,750 | 6,915 | 5,225 | 7,334 | 6,057 | 36,700 | 36,750 | 7,755 | 6,065 | 8,174 | 6,897 | 39,700 | 39,750 | 8,595 | 6,905 | 9,040 | 7,737 |
| 33,750 | 33,800 | 6,929 | 5,239 | 7,348 | 6,071 | 36,750 | 36,800 | 7,769 | 6,079 | 8,188 | 6,911 | 39,750 | 39,800 | 8,609 | 6,919 | 9,057 | 7,751 |
| 33,800 | 33,850 | 6,943 | 5,253 | 7,362 | 6,085 | 36,800 | 36,850 | 7,783 | 6,093 | 8,202 | 6,925 | 39,800 | 39,850 | 8,623 | 6,933 | 9,073 | 7,765 |
| 33,850 | 33,900 | 6,957 | 5,267 | 7,376 | 6,099 | 36,850 | 36,900 | 7,797 | 6,107 | 8,216 | 6,939 | 39,850 | 39,900 | 8,637 | 6,947 | 9,090 | 7,779 |
| 33,900 | 33,950 | 6,971 | 5,281 | 7,390 | 6,113 | 36,900 | 36,950 | 7,811 | 6,121 | 8,230 | 6,953 | 39,900 | 39,950 | 8,651 | 6,961 | 9,106 | 7,793 |
| 33,950 | 34,000 | 6,985 | 5,295 | 7,404 | 6,127 | 36,950 | 37,000 | 7,825 | 6,135 | 8,244 | 6,967 | 39,950 | 40,000 | 8,665 | 6,975 | 9,123 | 7,807 |
| **34,000** | | | | | | **37,000** | | | | | | **40,000** | | | | | |
| 34,000 | 34,050 | 6,999 | 5,309 | 7,418 | 6,141 | 37,000 | 37,050 | 7,839 | 6,149 | 8,258 | 6,981 | 40,000 | 40,050 | 8,679 | 6,989 | 9,139 | 7,821 |
| 34,050 | 34,100 | 7,013 | 5,323 | 7,432 | 6,155 | 37,050 | 37,100 | 7,853 | 6,163 | 8,272 | 6,995 | 40,050 | 40,100 | 8,693 | 7,003 | 9,156 | 7,835 |
| 34,100 | 34,150 | 7,027 | 5,337 | 7,446 | 6,169 | 37,100 | 37,150 | 7,867 | 6,177 | 8,286 | 7,009 | 40,100 | 40,150 | 8,707 | 7,017 | 9,172 | 7,849 |
| 34,150 | 34,200 | 7,041 | 5,351 | 7,460 | 6,183 | 37,150 | 37,200 | 7,881 | 6,191 | 8,300 | 7,023 | 40,150 | 40,200 | 8,721 | 7,031 | 9,189 | 7,863 |
| 34,200 | 34,250 | 7,055 | 5,365 | 7,474 | 6,197 | 37,200 | 37,250 | 7,895 | 6,205 | 8,314 | 7,037 | 40,200 | 40,250 | 8,735 | 7,045 | 9,205 | 7,877 |
| 34,250 | 34,300 | 7,069 | 5,379 | 7,488 | 6,211 | 37,250 | 37,300 | 7,909 | 6,219 | 8,328 | 7,051 | 40,250 | 40,300 | 8,749 | 7,059 | 9,222 | 7,891 |
| 34,300 | 34,350 | 7,083 | 5,393 | 7,502 | 6,225 | 37,300 | 37,350 | 7,923 | 6,233 | 8,342 | 7,065 | 40,300 | 40,350 | 8,763 | 7,073 | 9,238 | 7,905 |
| 34,350 | 34,400 | 7,097 | 5,407 | 7,516 | 6,239 | 37,350 | 37,400 | 7,937 | 6,247 | 8,356 | 7,079 | 40,350 | 40,400 | 8,777 | 7,087 | 9,255 | 7,919 |
| 34,400 | 34,450 | 7,111 | 5,421 | 7,530 | 6,253 | 37,400 | 37,450 | 7,951 | 6,261 | 8,370 | 7,093 | 40,400 | 40,450 | 8,791 | 7,101 | 9,271 | 7,933 |
| 34,450 | 34,500 | 7,125 | 5,435 | 7,544 | 6,267 | 37,450 | 37,500 | 7,965 | 6,275 | 8,384 | 7,107 | 40,450 | 40,500 | 8,805 | 7,115 | 9,288 | 7,947 |
| 34,500 | 34,550 | 7,139 | 5,449 | 7,558 | 6,281 | 37,500 | 37,550 | 7,979 | 6,289 | 8,398 | 7,121 | 40,500 | 40,550 | 8,819 | 7,129 | 9,304 | 7,961 |
| 34,550 | 34,600 | 7,153 | 5,463 | 7,572 | 6,295 | 37,550 | 37,600 | 7,993 | 6,303 | 8,412 | 7,135 | 40,550 | 40,600 | 8,833 | 7,143 | 9,321 | 7,975 |
| 34,600 | 34,650 | 7,167 | 5,477 | 7,586 | 6,309 | 37,600 | 37,650 | 8,007 | 6,317 | 8,426 | 7,149 | 40,600 | 40,650 | 8,847 | 7,157 | 9,337 | 7,989 |
| 34,650 | 34,700 | 7,181 | 5,491 | 7,600 | 6,323 | 37,650 | 37,700 | 8,021 | 6,331 | 8,440 | 7,163 | 40,650 | 40,700 | 8,861 | 7,171 | 9,354 | 8,003 |
| 34,700 | 34,750 | 7,195 | 5,505 | 7,614 | 6,337 | 37,700 | 37,750 | 8,035 | 6,345 | 8,454 | 7,177 | 40,700 | 40,750 | 8,875 | 7,185 | 9,370 | 8,017 |
| 34,750 | 34,800 | 7,209 | 5,519 | 7,628 | 6,351 | 37,750 | 37,800 | 8,049 | 6,359 | 8,468 | 7,191 | 40,750 | 40,800 | 8,889 | 7,199 | 9,387 | 8,031 |
| 34,800 | 34,850 | 7,223 | 5,533 | 7,642 | 6,365 | 37,800 | 37,850 | 8,063 | 6,373 | 8,482 | 7,205 | 40,800 | 40,850 | 8,903 | 7,213 | 9,403 | 8,045 |
| 34,850 | 34,900 | 7,237 | 5,547 | 7,656 | 6,379 | 37,850 | 37,900 | 8,077 | 6,387 | 8,496 | 7,219 | 40,850 | 40,900 | 8,917 | 7,227 | 9,420 | 8,059 |
| 34,900 | 34,950 | 7,251 | 5,561 | 7,670 | 6,393 | 37,900 | 37,950 | 8,091 | 6,401 | 8,510 | 7,233 | 40,900 | 40,950 | 8,931 | 7,241 | 9,436 | 8,073 |
| 34,950 | 35,000 | 7,265 | 5,575 | 7,684 | 6,407 | 37,950 | 38,000 | 8,105 | 6,415 | 8,524 | 7,247 | 40,950 | 41,000 | 8,945 | 7,255 | 9,453 | 8,087 |

* This column must also be used by a qualifying widow(er).

Continued on next page

## 1990 Tax Table—*Continued*

| If line 37 (taxable income) is— | | And you are— | | | |
|---|---|---|---|---|---|
| At least | But less than | Single | Married filing jointly * | Married filing separately | Head of a household |
| | | Your tax is— | | | |
| **41,000** | | | | | |
| 41,000 | 41,050 | 8,959 | 7,269 | 9,469 | 8,101 |
| 41,050 | 41,100 | 8,973 | 7,283 | 9,486 | 8,115 |
| 41,100 | 41,150 | 8,987 | 7,297 | 9,502 | 8,129 |
| 41,150 | 41,200 | 9,001 | 7,311 | 9,519 | 8,143 |
| 41,200 | 41,250 | 9,015 | 7,325 | 9,535 | 8,157 |
| 41,250 | 41,300 | 9,029 | 7,339 | 9,552 | 8,171 |
| 41,300 | 41,350 | 9,043 | 7,353 | 9,568 | 8,185 |
| 41,350 | 41,400 | 9,057 | 7,367 | 9,585 | 8,199 |
| 41,400 | 41,450 | 9,071 | 7,381 | 9,601 | 8,213 |
| 41,450 | 41,500 | 9,085 | 7,395 | 9,618 | 8,227 |
| 41,500 | 41,550 | 9,099 | 7,409 | 9,634 | 8,241 |
| 41,550 | 41,600 | 9,113 | 7,423 | 9,651 | 8,255 |
| 41,600 | 41,650 | 9,127 | 7,437 | 9,667 | 8,269 |
| 41,650 | 41,700 | 9,141 | 7,451 | 9,684 | 8,283 |
| 41,700 | 41,750 | 9,155 | 7,465 | 9,700 | 8,297 |
| 41,750 | 41,800 | 9,169 | 7,479 | 9,717 | 8,311 |
| 41,800 | 41,850 | 9,183 | 7,493 | 9,733 | 8,325 |
| 41,850 | 41,900 | 9,197 | 7,507 | 9,750 | 8,339 |
| 41,900 | 41,950 | 9,211 | 7,521 | 9,766 | 8,353 |
| 41,950 | 42,000 | 9,225 | 7,535 | 9,783 | 8,367 |
| **42,000** | | | | | |
| 42,000 | 42,050 | 9,239 | 7,549 | 9,799 | 8,381 |
| 42,050 | 42,100 | 9,253 | 7,563 | 9,816 | 8,395 |
| 42,100 | 42,150 | 9,267 | 7,577 | 9,832 | 8,409 |
| 42,150 | 42,200 | 9,281 | 7,591 | 9,849 | 8,423 |
| 42,200 | 42,250 | 9,295 | 7,605 | 9,865 | 8,437 |
| 42,250 | 42,300 | 9,309 | 7,619 | 9,882 | 8,451 |
| 42,300 | 42,350 | 9,323 | 7,633 | 9,898 | 8,465 |
| 42,350 | 42,400 | 9,337 | 7,647 | 9,915 | 8,479 |
| 42,400 | 42,450 | 9,351 | 7,661 | 9,931 | 8,493 |
| 42,450 | 42,500 | 9,365 | 7,675 | 9,948 | 8,507 |
| 42,500 | 42,550 | 9,379 | 7,689 | 9,964 | 8,521 |
| 42,550 | 42,600 | 9,393 | 7,703 | 9,981 | 8,535 |
| 42,600 | 42,650 | 9,407 | 7,717 | 9,997 | 8,549 |
| 42,650 | 42,700 | 9,421 | 7,731 | 10,014 | 8,563 |
| 42,700 | 42,750 | 9,435 | 7,745 | 10,030 | 8,577 |
| 42,750 | 42,800 | 9,449 | 7,759 | 10,047 | 8,591 |
| 42,800 | 42,850 | 9,463 | 7,773 | 10,063 | 8,605 |
| 42,850 | 42,900 | 9,477 | 7,787 | 10,080 | 8,619 |
| 42,900 | 42,950 | 9,491 | 7,801 | 10,096 | 8,633 |
| 42,950 | 43,000 | 9,505 | 7,815 | 10,113 | 8,647 |
| **43,000** | | | | | |
| 43,000 | 43,050 | 9,519 | 7,829 | 10,129 | 8,661 |
| 43,050 | 43,100 | 9,533 | 7,843 | 10,146 | 8,675 |
| 43,100 | 43,150 | 9,547 | 7,857 | 10,162 | 8,689 |
| 43,150 | 43,200 | 9,561 | 7,871 | 10,179 | 8,703 |
| 43,200 | 43,250 | 9,575 | 7,885 | 10,195 | 8,717 |
| 43,250 | 43,300 | 9,589 | 7,899 | 10,212 | 8,731 |
| 43,300 | 43,350 | 9,603 | 7,913 | 10,228 | 8,745 |
| 43,350 | 43,400 | 9,617 | 7,927 | 10,245 | 8,759 |
| 43,400 | 43,450 | 9,631 | 7,941 | 10,261 | 8,773 |
| 43,450 | 43,500 | 9,645 | 7,955 | 10,278 | 8,787 |
| 43,500 | 43,550 | 9,659 | 7,969 | 10,294 | 8,801 |
| 43,550 | 43,600 | 9,673 | 7,983 | 10,311 | 8,815 |
| 43,600 | 43,650 | 9,687 | 7,997 | 10,327 | 8,829 |
| 43,650 | 43,700 | 9,701 | 8,011 | 10,344 | 8,843 |
| 43,700 | 43,750 | 9,715 | 8,025 | 10,360 | 8,857 |
| 43,750 | 43,800 | 9,729 | 8,039 | 10,377 | 8,871 |
| 43,800 | 43,850 | 9,743 | 8,053 | 10,393 | 8,885 |
| 43,850 | 43,900 | 9,757 | 8,067 | 10,410 | 8,899 |
| 43,900 | 43,950 | 9,771 | 8,081 | 10,426 | 8,913 |
| 43,950 | 44,000 | 9,785 | 8,095 | 10,443 | 8,927 |
| **44,000** | | | | | |
| 44,000 | 44,050 | 9,799 | 8,109 | 10,459 | 8,941 |
| 44,050 | 44,100 | 9,813 | 8,123 | 10,476 | 8,955 |
| 44,100 | 44,150 | 9,827 | 8,137 | 10,492 | 8,969 |
| 44,150 | 44,200 | 9,841 | 8,151 | 10,509 | 8,983 |
| 44,200 | 44,250 | 9,855 | 8,165 | 10,525 | 8,997 |
| 44,250 | 44,300 | 9,869 | 8,179 | 10,542 | 9,011 |
| 44,300 | 44,350 | 9,883 | 8,193 | 10,558 | 9,025 |
| 44,350 | 44,400 | 9,897 | 8,207 | 10,575 | 9,039 |
| 44,400 | 44,450 | 9,911 | 8,221 | 10,591 | 9,053 |
| 44,450 | 44,500 | 9,925 | 8,235 | 10,608 | 9,067 |
| 44,500 | 44,550 | 9,939 | 8,249 | 10,624 | 9,081 |
| 44,550 | 44,600 | 9,953 | 8,263 | 10,641 | 9,095 |
| 44,600 | 44,650 | 9,967 | 8,277 | 10,657 | 9,109 |
| 44,650 | 44,700 | 9,981 | 8,291 | 10,674 | 9,123 |
| 44,700 | 44,750 | 9,995 | 8,305 | 10,690 | 9,137 |
| 44,750 | 44,800 | 10,009 | 8,319 | 10,707 | 9,151 |
| 44,800 | 44,850 | 10,023 | 8,333 | 10,723 | 9,165 |
| 44,850 | 44,900 | 10,037 | 8,347 | 10,740 | 9,179 |
| 44,900 | 44,950 | 10,051 | 8,361 | 10,756 | 9,193 |
| 44,950 | 45,000 | 10,065 | 8,375 | 10,773 | 9,207 |
| **45,000** | | | | | |
| 45,000 | 45,050 | 10,079 | 8,389 | 10,789 | 9,221 |
| 45,050 | 45,100 | 10,093 | 8,403 | 10,806 | 9,235 |
| 45,100 | 45,150 | 10,107 | 8,417 | 10,822 | 9,249 |
| 45,150 | 45,200 | 10,121 | 8,431 | 10,839 | 9,263 |
| 45,200 | 45,250 | 10,135 | 8,445 | 10,855 | 9,277 |
| 45,250 | 45,300 | 10,149 | 8,459 | 10,872 | 9,291 |
| 45,300 | 45,350 | 10,163 | 8,473 | 10,888 | 9,305 |
| 45,350 | 45,400 | 10,177 | 8,487 | 10,905 | 9,319 |
| 45,400 | 45,450 | 10,191 | 8,501 | 10,921 | 9,333 |
| 45,450 | 45,500 | 10,205 | 8,515 | 10,938 | 9,347 |
| 45,500 | 45,550 | 10,219 | 8,529 | 10,954 | 9,361 |
| 45,550 | 45,600 | 10,233 | 8,543 | 10,971 | 9,375 |
| 45,600 | 45,650 | 10,247 | 8,557 | 10,987 | 9,389 |
| 45,650 | 45,700 | 10,261 | 8,571 | 11,004 | 9,403 |
| 45,700 | 45,750 | 10,275 | 8,585 | 11,020 | 9,417 |
| 45,750 | 45,800 | 10,289 | 8,599 | 11,037 | 9,431 |
| 45,800 | 45,850 | 10,303 | 8,613 | 11,053 | 9,445 |
| 45,850 | 45,900 | 10,317 | 8,627 | 11,070 | 9,459 |
| 45,900 | 45,950 | 10,331 | 8,641 | 11,086 | 9,473 |
| 45,950 | 46,000 | 10,345 | 8,655 | 11,103 | 9,487 |
| **46,000** | | | | | |
| 46,000 | 46,050 | 10,359 | 8,669 | 11,119 | 9,501 |
| 46,050 | 46,100 | 10,373 | 8,683 | 11,136 | 9,515 |
| 46,100 | 46,150 | 10,387 | 8,697 | 11,152 | 9,529 |
| 46,150 | 46,200 | 10,401 | 8,711 | 11,169 | 9,543 |
| 46,200 | 46,250 | 10,415 | 8,725 | 11,185 | 9,557 |
| 46,250 | 46,300 | 10,429 | 8,739 | 11,202 | 9,571 |
| 46,300 | 46,350 | 10,443 | 8,753 | 11,218 | 9,585 |
| 46,350 | 46,400 | 10,457 | 8,767 | 11,235 | 9,599 |
| 46,400 | 46,450 | 10,471 | 8,781 | 11,251 | 9,613 |
| 46,450 | 46,500 | 10,485 | 8,795 | 11,268 | 9,627 |
| 46,500 | 46,550 | 10,499 | 8,809 | 11,284 | 9,641 |
| 46,550 | 46,600 | 10,513 | 8,823 | 11,301 | 9,655 |
| 46,600 | 46,650 | 10,527 | 8,837 | 11,317 | 9,669 |
| 46,650 | 46,700 | 10,541 | 8,851 | 11,334 | 9,683 |
| 46,700 | 46,750 | 10,555 | 8,865 | 11,350 | 9,697 |
| 46,750 | 46,800 | 10,569 | 8,879 | 11,367 | 9,711 |
| 46,800 | 46,850 | 10,583 | 8,893 | 11,383 | 9,725 |
| 46,850 | 46,900 | 10,597 | 8,907 | 11,400 | 9,739 |
| 46,900 | 46,950 | 10,611 | 8,921 | 11,416 | 9,753 |
| 46,950 | 47,000 | 10,625 | 8,935 | 11,433 | 9,767 |
| **47,000** | | | | | |
| 47,000 | 47,050 | 10,639 | 8,949 | 11,449 | 9,781 |
| 47,050 | 47,100 | 10,654 | 8,963 | 11,466 | 9,795 |
| 47,100 | 47,150 | 10,670 | 8,977 | 11,482 | 9,809 |
| 47,150 | 47,200 | 10,687 | 8,991 | 11,499 | 9,823 |
| 47,200 | 47,250 | 10,703 | 9,005 | 11,515 | 9,837 |
| 47,250 | 47,300 | 10,720 | 9,019 | 11,532 | 9,851 |
| 47,300 | 47,350 | 10,736 | 9,033 | 11,548 | 9,865 |
| 47,350 | 47,400 | 10,753 | 9,047 | 11,565 | 9,879 |
| 47,400 | 47,450 | 10,769 | 9,061 | 11,581 | 9,893 |
| 47,450 | 47,500 | 10,786 | 9,075 | 11,598 | 9,907 |
| 47,500 | 47,550 | 10,802 | 9,089 | 11,614 | 9,921 |
| 47,550 | 47,600 | 10,819 | 9,103 | 11,631 | 9,935 |
| 47,600 | 47,650 | 10,835 | 9,117 | 11,647 | 9,949 |
| 47,650 | 47,700 | 10,852 | 9,131 | 11,664 | 9,963 |
| 47,700 | 47,750 | 10,868 | 9,145 | 11,680 | 9,977 |
| 47,750 | 47,800 | 10,885 | 9,159 | 11,697 | 9,991 |
| 47,800 | 47,850 | 10,901 | 9,173 | 11,713 | 10,005 |
| 47,850 | 47,900 | 10,918 | 9,187 | 11,730 | 10,019 |
| 47,900 | 47,950 | 10,934 | 9,201 | 11,746 | 10,033 |
| 47,950 | 48,000 | 10,951 | 9,215 | 11,763 | 10,047 |
| **48,000** | | | | | |
| 48,000 | 48,050 | 10,967 | 9,229 | 11,779 | 10,061 |
| 48,050 | 48,100 | 10,984 | 9,243 | 11,796 | 10,075 |
| 48,100 | 48,150 | 11,000 | 9,257 | 11,812 | 10,089 |
| 48,150 | 48,200 | 11,017 | 9,271 | 11,829 | 10,103 |
| 48,200 | 48,250 | 11,033 | 9,285 | 11,845 | 10,117 |
| 48,250 | 48,300 | 11,050 | 9,299 | 11,862 | 10,131 |
| 48,300 | 48,350 | 11,066 | 9,313 | 11,878 | 10,145 |
| 48,350 | 48,400 | 11,083 | 9,327 | 11,895 | 10,159 |
| 48,400 | 48,450 | 11,099 | 9,341 | 11,911 | 10,173 |
| 48,450 | 48,500 | 11,116 | 9,355 | 11,928 | 10,187 |
| 48,500 | 48,550 | 11,132 | 9,369 | 11,944 | 10,201 |
| 48,550 | 48,600 | 11,149 | 9,383 | 11,961 | 10,215 |
| 48,600 | 48,650 | 11,165 | 9,397 | 11,977 | 10,229 |
| 48,650 | 48,700 | 11,182 | 9,411 | 11,994 | 10,243 |
| 48,700 | 48,750 | 11,198 | 9,425 | 12,010 | 10,257 |
| 48,750 | 48,800 | 11,215 | 9,439 | 12,027 | 10,271 |
| 48,800 | 48,850 | 11,231 | 9,453 | 12,043 | 10,285 |
| 48,850 | 48,900 | 11,248 | 9,467 | 12,060 | 10,299 |
| 48,900 | 48,950 | 11,264 | 9,481 | 12,076 | 10,313 |
| 48,950 | 49,000 | 11,281 | 9,495 | 12,093 | 10,327 |
| **49,000** | | | | | |
| 49,000 | 49,050 | 11,297 | 9,509 | 12,109 | 10,341 |
| 49,050 | 49,100 | 11,314 | 9,523 | 12,126 | 10,355 |
| 49,100 | 49,150 | 11,330 | 9,537 | 12,142 | 10,369 |
| 49,150 | 49,200 | 11,347 | 9,551 | 12,159 | 10,383 |
| 49,200 | 49,250 | 11,363 | 9,565 | 12,175 | 10,397 |
| 49,250 | 49,300 | 11,380 | 9,579 | 12,192 | 10,411 |
| 49,300 | 49,350 | 11,396 | 9,593 | 12,208 | 10,425 |
| 49,350 | 49,400 | 11,413 | 9,607 | 12,225 | 10,439 |
| 49,400 | 49,450 | 11,429 | 9,621 | 12,241 | 10,453 |
| 49,450 | 49,500 | 11,446 | 9,635 | 12,258 | 10,467 |
| 49,500 | 49,550 | 11,462 | 9,649 | 12,274 | 10,481 |
| 49,550 | 49,600 | 11,479 | 9,663 | 12,291 | 10,495 |
| 49,600 | 49,650 | 11,495 | 9,677 | 12,307 | 10,509 |
| 49,650 | 49,700 | 11,512 | 9,691 | 12,324 | 10,523 |
| 49,700 | 49,750 | 11,528 | 9,705 | 12,340 | 10,537 |
| 49,750 | 49,800 | 11,545 | 9,719 | 12,357 | 10,551 |
| 49,800 | 49,850 | 11,561 | 9,733 | 12,373 | 10,565 |
| 49,850 | 49,900 | 11,578 | 9,747 | 12,390 | 10,579 |
| 49,900 | 49,950 | 11,594 | 9,761 | 12,406 | 10,593 |
| 49,950 | 50,000 | 11,611 | 9,775 | 12,423 | 10,607 |

**50,000 or over—use tax rate schedules**

* This column must also be used by a qualifying widow(er).

# 1990 Tax Rate Schedules

**Caution:** *Use ONLY if your taxable income (Form 1040, line 37) is $50,000 or more. If less, use the* ***Tax Table.*** (Even though you cannot use the tax rate schedules below if your taxable income is less than $50,000, we show all levels of taxable income so that taxpayers can see the tax rate that applies to each level.)

## Schedule X—Use if your filing status is **Single**

| If the amount on Form 1040, line 37, is: Over— | But not over— | Enter on Form 1040, line 38 | of the amount over— |
|---|---|---|---|
| $0 | $19,450 | .....15% | $0 |
| 19,450 | 47,050 | $2,917.50 + 28% | 19,450 |
| 47,050 | 97,620 | 10,645.50 + 33% | 47,050 |
| 97,620 | ..... | Use **Worksheet** below to figure your tax. | |

## Schedule Z—Use if your filing status is **Head of household**

| If the amount on Form 1040, line 37, is: Over— | But not over— | Enter on Form 1040, line 38 | of the amount over— |
|---|---|---|---|
| $0 | $26,050 | .....15% | $0 |
| 26,050 | 67,200 | $3,907.50 + 28% | 26,050 |
| 67,200 | 134,930 | 15,429.50 + 33% | 67,200 |
| 134,930 | ..... | Use **Worksheet** below to figure your tax. | |

## Schedule Y-1—Use if your filing status is **Married filing jointly or Qualifying widow(er)**

| If the amount on Form 1040, line 37, is: Over— | But not over— | Enter on Form 1040, line 38 | of the amount over— |
|---|---|---|---|
| $0 | $32,450 | .....15% | $0 |
| 32,450 | 78,400 | $4,867.50 + 28% | 32,450 |
| 78,400 | 162,770 | 17,733.50 + 33% | 78,400 |
| 162,770 | ..... | Use **Worksheet** below to figure your tax. | |

## Schedule Y-2—Use if your filing status is **Married filing separately**

| If the amount on Form 1040, line 37, is: Over— | But not over— | Enter on Form 1040, line 38 | of the amount over— |
|---|---|---|---|
| $0 | $16,225 | .....15% | $0 |
| 16,225 | 39,200 | $2,433.75 + 28% | 16,225 |
| 39,200 | 123,570 | 8,866.75 + 33% | 39,200 |
| 123,570 | ..... | Use **Worksheet** below to figure your tax. | |

**Worksheet** (Keep for your records)

1. If your filing status is: Single, enter $27,333.60; Head of household, enter $37,780.40; Married filing jointly or Qualifying widow(er), enter $45,575.60; Married filing separately, enter $36,708.85 . . . . . 1. _____
2. Enter your taxable income from Form 1040, line 37 . . . . . 2. _____
3. If your filing status is: Single, enter $97,620; Head of household, enter $134,930; Married filing jointly or Qualifying widow(er), enter $162,770; Married filing separately, enter $123,570 . . . . 3. _____
4. Subtract line 3 from line 2. Enter the result. (If the result is zero or less, use the schedule above for your filing status to figure your tax. DO NOT use this worksheet.) 4. _____
5. Multiply the amount on line 4 by 28% (.28). Enter the result . . . . . 5. _____
6. Multiply the amount on line 4 by 5% (.05). Enter the result . . . . . 6. _____
7. Multiply $574 by the number of exemptions claimed on Form 1040, line 6e. (If married filing separately, see the **Note** below.) Enter the result . . . . . 7. _____
8. Compare the amounts on lines 6 and 7. Enter the **smaller** of the two amounts here . . . . . 8. _____
9. **Tax.** Add lines 1, 5, and 8. Enter the total here and on Form 1040, line 38 . . . . . 9. _____

***Note:*** *If married filing separately and you did* ***not*** *claim an exemption for your spouse, multiply $574 by the number of exemptions claimed on Form 1040, line 6e. Add $574 to the result and enter the total on line 7 above.*

# 1990 Earned Income Credit Table

**Caution:** *This Is Not A Tax Table*

**To find your earned income credit:** Read down the column titled "If line 5 or 6 of the worksheet is—" and find the appropriate amount from the Earned Income Credit Worksheet on page 24. Read across to the right and find the amount of the earned income credit. Enter that amount on line 7 or 8 of the worksheet, whichever applies.

| If line 5 or 6 of the worksheet is— | | Your earned income credit is— | If line 5 or 6 of the worksheet is— | | Your earned income credit is— | If line 5 or 6 of the worksheet is— | | Your earned income credit is— | If line 5 or 6 of the worksheet is— | | Your earned income credit is— | If line 5 or 6 of the worksheet is— | | Your earned income credit is— |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| At least | But less than | | At least | But less than | | At least | But less than | | At least | But less than | | At least | But less than | |
| $1 | $25 | $2 | $1,600 | $1,625 | $226 | $3,200 | $3,225 | $450 | $4,800 | $4,825 | $674 | $6,400 | $6,425 | $898 |
| 25 | 50 | 5 | 1,625 | 1,650 | 229 | 3,225 | 3,250 | 453 | 4,825 | 4,850 | 677 | 6,425 | 6,450 | 901 |
| 50 | 75 | 9 | 1,650 | 1,675 | 233 | 3,250 | 3,275 | 457 | 4,850 | 4,875 | 681 | 6,450 | 6,475 | 905 |
| 75 | 100 | 12 | 1,675 | 1,700 | 236 | 3,275 | 3,300 | 460 | 4,875 | 4,900 | 684 | 6,475 | 6,500 | 908 |
| 100 | 125 | 16 | 1,700 | 1,725 | 240 | 3,300 | 3,325 | 464 | 4,900 | 4,925 | 688 | 6,500 | 6,525 | 912 |
| 125 | 150 | 19 | 1,725 | 1,750 | 243 | 3,325 | 3,350 | 467 | 4,925 | 4,950 | 691 | 6,525 | 6,550 | 915 |
| 150 | 175 | 23 | 1,750 | 1,775 | 247 | 3,350 | 3,375 | 471 | 4,950 | 4,975 | 695 | 6,550 | 6,575 | 919 |
| 175 | 200 | 26 | 1,775 | 1,800 | 250 | 3,375 | 3,400 | 474 | 4,975 | 5,000 | 698 | 6,575 | 6,600 | 922 |
| 200 | 225 | 30 | 1,800 | 1,825 | 254 | 3,400 | 3,425 | 478 | 5,000 | 5,025 | 702 | 6,600 | 6,625 | 926 |
| 225 | 250 | 33 | 1,825 | 1,850 | 257 | 3,425 | 3,450 | 481 | 5,025 | 5,050 | 705 | 6,625 | 6,650 | 929 |
| 250 | 275 | 37 | 1,850 | 1,875 | 261 | 3,450 | 3,475 | 485 | 5,050 | 5,075 | 709 | 6,650 | 6,675 | 933 |
| 275 | 300 | 40 | 1,875 | 1,900 | 264 | 3,475 | 3,500 | 488 | 5,075 | 5,100 | 712 | 6,675 | 6,700 | 936 |
| 300 | 325 | 44 | 1,900 | 1,925 | 268 | 3,500 | 3,525 | 492 | 5,100 | 5,125 | 716 | 6,700 | 6,725 | 940 |
| 325 | 350 | 47 | 1,925 | 1,950 | 271 | 3,525 | 3,550 | 495 | 5,125 | 5,150 | 719 | 6,725 | 6,750 | 943 |
| 350 | 375 | 51 | 1,950 | 1,975 | 275 | 3,550 | 3,575 | 499 | 5,150 | 5,175 | 723 | 6,750 | 6,775 | 947 |
| 375 | 400 | 54 | 1,975 | 2,000 | 278 | 3,575 | 3,600 | 502 | 5,175 | 5,200 | 726 | 6,775 | 6,800 | 950 |
| 400 | 425 | 58 | 2,000 | 2,025 | 282 | 3,600 | 3,625 | 506 | 5,200 | 5,225 | 730 | 6,800 | 10,750 | 953 |
| 425 | 450 | 61 | 2,025 | 2,050 | 285 | 3,625 | 3,650 | 509 | 5,225 | 5,250 | 733 | 10,750 | 10,775 | 950 |
| 450 | 475 | 65 | 2,050 | 2,075 | 289 | 3,650 | 3,675 | 513 | 5,250 | 5,275 | 737 | 10,775 | 10,800 | 948 |
| 475 | 500 | 68 | 2,075 | 2,100 | 292 | 3,675 | 3,700 | 516 | 5,275 | 5,300 | 740 | 10,800 | 10,825 | 945 |
| 500 | 525 | 72 | 2,100 | 2,125 | 296 | 3,700 | 3,725 | 520 | 5,300 | 5,325 | 744 | 10,825 | 10,850 | 943 |
| 525 | 550 | 75 | 2,125 | 2,150 | 299 | 3,725 | 3,750 | 523 | 5,325 | 5,350 | 747 | 10,850 | 10,875 | 940 |
| 550 | 575 | 79 | 2,150 | 2,175 | 303 | 3,750 | 3,775 | 527 | 5,350 | 5,375 | 751 | 10,875 | 10,900 | 938 |
| 575 | 600 | 82 | 2,175 | 2,200 | 306 | 3,775 | 3,800 | 530 | 5,375 | 5,400 | 754 | 10,900 | 10,925 | 935 |
| 600 | 625 | 86 | 2,200 | 2,225 | 310 | 3,800 | 3,825 | 534 | 5,400 | 5,425 | 758 | 10,925 | 10,950 | 933 |
| 625 | 650 | 89 | 2,225 | 2,250 | 313 | 3,825 | 3,850 | 537 | 5,425 | 5,450 | 761 | 10,950 | 10,975 | 930 |
| 650 | 675 | 93 | 2,250 | 2,275 | 317 | 3,850 | 3,875 | 541 | 5,450 | 5,475 | 765 | 10,975 | 11,000 | 928 |
| 675 | 700 | 96 | 2,275 | 2,300 | 320 | 3,875 | 3,900 | 544 | 5,475 | 5,500 | 768 | 11,000 | 11,025 | 925 |
| 700 | 725 | 100 | 2,300 | 2,325 | 324 | 3,900 | 3,925 | 548 | 5,500 | 5,525 | 772 | 11,025 | 11,050 | 923 |
| 725 | 750 | 103 | 2,325 | 2,350 | 327 | 3,925 | 3,950 | 551 | 5,525 | 5,550 | 775 | 11,050 | 11,075 | 920 |
| 750 | 775 | 107 | 2,350 | 2,375 | 331 | 3,950 | 3,975 | 555 | 5,550 | 5,575 | 779 | 11,075 | 11,100 | 918 |
| 775 | 800 | 110 | 2,375 | 2,400 | 334 | 3,975 | 4,000 | 558 | 5,575 | 5,600 | 782 | 11,100 | 11,125 | 915 |
| 800 | 825 | 114 | 2,400 | 2,425 | 338 | 4,000 | 4,025 | 562 | 5,600 | 5,625 | 786 | 11,125 | 11,150 | 913 |
| 825 | 850 | 117 | 2,425 | 2,450 | 341 | 4,025 | 4,050 | 565 | 5,625 | 5,650 | 789 | 11,150 | 11,175 | 910 |
| 850 | 875 | 121 | 2,450 | 2,475 | 345 | 4,050 | 4,075 | 569 | 5,650 | 5,675 | 793 | 11,175 | 11,200 | 908 |
| 875 | 900 | 124 | 2,475 | 2,500 | 348 | 4,075 | 4,100 | 572 | 5,675 | 5,700 | 796 | 11,200 | 11,225 | 905 |
| 900 | 925 | 128 | 2,500 | 2,525 | 352 | 4,100 | 4,125 | 576 | 5,700 | 5,725 | 800 | 11,225 | 11,250 | 903 |
| 925 | 950 | 131 | 2,525 | 2,550 | 355 | 4,125 | 4,150 | 579 | 5,725 | 5,750 | 803 | 11,250 | 11,275 | 900 |
| 950 | 975 | 135 | 2,550 | 2,575 | 359 | 4,150 | 4,175 | 583 | 5,750 | 5,775 | 807 | 11,275 | 11,300 | 898 |
| 975 | 1,000 | 138 | 2,575 | 2,600 | 362 | 4,175 | 4,200 | 586 | 5,775 | 5,800 | 810 | 11,300 | 11,325 | 895 |
| 1,000 | 1,025 | 142 | 2,600 | 2,625 | 366 | 4,200 | 4,225 | 590 | 5,800 | 5,825 | 814 | 11,325 | 11,350 | 893 |
| 1,025 | 1,050 | 145 | 2,625 | 2,650 | 369 | 4,225 | 4,250 | 593 | 5,825 | 5,850 | 817 | 11,350 | 11,375 | 890 |
| 1,050 | 1,075 | 149 | 2,650 | 2,675 | 373 | 4,250 | 4,275 | 597 | 5,850 | 5,875 | 821 | 11,375 | 11,400 | 888 |
| 1,075 | 1,100 | 152 | 2,675 | 2,700 | 376 | 4,275 | 4,300 | 600 | 5,875 | 5,900 | 824 | 11,400 | 11,425 | 885 |
| 1,100 | 1,125 | 156 | 2,700 | 2,725 | 380 | 4,300 | 4,325 | 604 | 5,900 | 5,925 | 828 | 11,425 | 11,450 | 883 |
| 1,125 | 1,150 | 159 | 2,725 | 2,750 | 383 | 4,325 | 4,350 | 607 | 5,925 | 5,950 | 831 | 11,450 | 11,475 | 880 |
| 1,150 | 1,175 | 163 | 2,750 | 2,775 | 387 | 4,350 | 4,375 | 611 | 5,950 | 5,975 | 835 | 11,475 | 11,500 | 878 |
| 1,175 | 1,200 | 166 | 2,775 | 2,800 | 390 | 4,375 | 4,400 | 614 | 5,975 | 6,000 | 838 | 11,500 | 11,525 | 875 |
| 1,200 | 1,225 | 170 | 2,800 | 2,825 | 394 | 4,400 | 4,425 | 618 | 6,000 | 6,025 | 842 | 11,525 | 11,550 | 873 |
| 1,225 | 1,250 | 173 | 2,825 | 2,850 | 397 | 4,425 | 4,450 | 621 | 6,025 | 6,050 | 845 | 11,550 | 11,575 | 870 |
| 1,250 | 1,275 | 177 | 2,850 | 2,875 | 401 | 4,450 | 4,475 | 625 | 6,050 | 6,075 | 849 | 11,575 | 11,600 | 868 |
| 1,275 | 1,300 | 180 | 2,875 | 2,900 | 404 | 4,475 | 4,500 | 628 | 6,075 | 6,100 | 852 | 11,600 | 11,625 | 865 |
| 1,300 | 1,325 | 184 | 2,900 | 2,925 | 408 | 4,500 | 4,525 | 632 | 6,100 | 6,125 | 856 | 11,625 | 11,650 | 863 |
| 1,325 | 1,350 | 187 | 2,925 | 2,950 | 411 | 4,525 | 4,550 | 635 | 6,125 | 6,150 | 859 | 11,650 | 11,675 | 860 |
| 1,350 | 1,375 | 191 | 2,950 | 2,975 | 415 | 4,550 | 4,575 | 639 | 6,150 | 6,175 | 863 | 11,675 | 11,700 | 858 |
| 1,375 | 1,400 | 194 | 2,975 | 3,000 | 418 | 4,575 | 4,600 | 642 | 6,175 | 6,200 | 866 | 11,700 | 11,725 | 855 |
| 1,400 | 1,425 | 198 | 3,000 | 3,025 | 422 | 4,600 | 4,625 | 646 | 6,200 | 6,225 | 870 | 11,725 | 11,750 | 853 |
| 1,425 | 1,450 | 201 | 3,025 | 3,050 | 425 | 4,625 | 4,650 | 649 | 6,225 | 6,250 | 873 | 11,750 | 11,775 | 850 |
| 1,450 | 1,475 | 205 | 3,050 | 3,075 | 429 | 4,650 | 4,675 | 653 | 6,250 | 6,275 | 877 | 11,775 | 11,800 | 848 |
| 1,475 | 1,500 | 208 | 3,075 | 3,100 | 432 | 4,675 | 4,700 | 656 | 6,275 | 6,300 | 880 | 11,800 | 11,825 | 845 |
| 1,500 | 1,525 | 212 | 3,100 | 3,125 | 436 | 4,700 | 4,725 | 660 | 6,300 | 6,325 | 884 | 11,825 | 11,850 | 843 |
| 1,525 | 1,550 | 215 | 3,125 | 3,150 | 439 | 4,725 | 4,750 | 663 | 6,325 | 6,350 | 887 | 11,850 | 11,875 | 840 |
| 1,550 | 1,575 | 219 | 3,150 | 3,175 | 443 | 4,750 | 4,775 | 667 | 6,350 | 6,375 | 891 | 11,875 | 11,900 | 838 |
| 1,575 | 1,600 | 222 | 3,175 | 3,200 | 446 | 4,775 | 4,800 | 670 | 6,375 | 6,400 | 894 | 11,900 | 11,925 | 835 |

## 1990 Earned Income Credit Table *(continued)* **Caution:** *This is Not a Tax Table*

| If line 5 or 6 of the worksheet is— | | Your earned income credit is— |
|---|---|---|
| At least | But less than | |
| $11,925 | $11,950 | $833 |
| 11,950 | 11,975 | 830 |
| 11,975 | 12,000 | 828 |
| 12,000 | 12,025 | 825 |
| 12,025 | 12,050 | 823 |
| 12,050 | 12,075 | 820 |
| 12,075 | 12,100 | 818 |
| 12,100 | 12,125 | 815 |
| 12,125 | 12,150 | 813 |
| 12,150 | 12,175 | 810 |
| 12,175 | 12,200 | 808 |
| 12,200 | 12,225 | 805 |
| 12,225 | 12,250 | 803 |
| 12,250 | 12,275 | 800 |
| 12,275 | 12,300 | 798 |
| 12,300 | 12,325 | 795 |
| 12,325 | 12,350 | 793 |
| 12,350 | 12,375 | 790 |
| 12,375 | 12,400 | 788 |
| 12,400 | 12,425 | 785 |
| 12,425 | 12,450 | 783 |
| 12,450 | 12,475 | 780 |
| 12,475 | 12,500 | 778 |
| 12,500 | 12,525 | 775 |
| 12,525 | 12,550 | 773 |
| 12,550 | 12,575 | 770 |
| 12,575 | 12,600 | 768 |
| 12,600 | 12,625 | 765 |
| 12,525 | 12,650 | 763 |
| 12,650 | 12,675 | 760 |
| 12,675 | 12,700 | 758 |
| 12,700 | 12,725 | 755 |
| 12,725 | 12,750 | 753 |
| 12,750 | 12,775 | 750 |
| 12,775 | 12,800 | 748 |
| 12,800 | 12,825 | 745 |
| 12,825 | 12,850 | 743 |
| 12,850 | 12,875 | 740 |
| 12,875 | 12,900 | 738 |
| 12,900 | 12,925 | 735 |
| 12,925 | 12,950 | 733 |
| 12,950 | 12,975 | 730 |
| 12,975 | 13,000 | 728 |
| 13,000 | 13,025 | 725 |
| 13,025 | 13,050 | 723 |
| 13,050 | 13,075 | 720 |
| 13,075 | 13,100 | 718 |
| 13,100 | 13,125 | 715 |
| 13,125 | 13,150 | 713 |
| 13,150 | 13,175 | 710 |
| 13,175 | 13,200 | 708 |
| 13,200 | 13,225 | 705 |
| 13,225 | 13,250 | 703 |
| 13,250 | 13,275 | 700 |
| 13,275 | 13,300 | 698 |
| 13,300 | 13,325 | 695 |
| 13,325 | 13,350 | 693 |
| 13,350 | 13,375 | 690 |
| 13,375 | 13,400 | 688 |
| 13,400 | 13,425 | 685 |
| 13,425 | 13,450 | 683 |
| 13,450 | 13,475 | 680 |
| 13,475 | 13,500 | 678 |
| 13,500 | 13,525 | 675 |
| 13,525 | 13,550 | 673 |
| 13,550 | 13,575 | 670 |
| 13,575 | 13,600 | 668 |
| 13,600 | 13,625 | 665 |
| $13,625 | $13,650 | $663 |
| 13,650 | 13,675 | 660 |
| 13,675 | 13,700 | 658 |
| 13,700 | 13,725 | 655 |
| 13,725 | 13,750 | 653 |
| 13,750 | 13,775 | 650 |
| 13,775 | 13,800 | 648 |
| 13,800 | 13,825 | 645 |
| 13,825 | 13,850 | 643 |
| 13,850 | 13,875 | 640 |
| 13,875 | 13,900 | 638 |
| 13,900 | 13,925 | 635 |
| 13,925 | 13,950 | 633 |
| 13,950 | 13,975 | 630 |
| 13,975 | 14,000 | 628 |
| 14,000 | 14,025 | 625 |
| 14,025 | 14,050 | 623 |
| 14,050 | 14,075 | 620 |
| 14,075 | 14,100 | 618 |
| 14,100 | 14,125 | 615 |
| 14,125 | 14,150 | 613 |
| 14,150 | 14,175 | 610 |
| 14,175 | 14,200 | 608 |
| 14,200 | 14,225 | 605 |
| 14,225 | 14,250 | 603 |
| 14,250 | 14,275 | 600 |
| 14,275 | 14,300 | 598 |
| 14,300 | 14,325 | 595 |
| 14,325 | 14,350 | 593 |
| 14,350 | 14,375 | 590 |
| 14,375 | 14,400 | 588 |
| 14,400 | 14,425 | 585 |
| 14,425 | 14,450 | 583 |
| 14,450 | 14,475 | 580 |
| 14,475 | 14,500 | 578 |
| 14,500 | 14,525 | 575 |
| 14,525 | 14,550 | 573 |
| 14,550 | 14,575 | 570 |
| 14,575 | 14,600 | 568 |
| 14,600 | 14,625 | 565 |
| 14,625 | 14,650 | 563 |
| 14,650 | 14,675 | 560 |
| 14,675 | 14,700 | 558 |
| 14,700 | 14,725 | 555 |
| 14,725 | 14,750 | 553 |
| 14,750 | 14,775 | 550 |
| 14,775 | 14,800 | 548 |
| 14,800 | 14,825 | 545 |
| 14,825 | 14,850 | 543 |
| 14,850 | 14,875 | 540 |
| 14,875 | 14,900 | 538 |
| 14,900 | 14,925 | 535 |
| 14,925 | 14,950 | 533 |
| 14,950 | 14,975 | 530 |
| 14,975 | 15,000 | 528 |
| 15,000 | 15,025 | 525 |
| 15,025 | 15,050 | 523 |
| 15,050 | 15,075 | 520 |
| 15,075 | 15,100 | 518 |
| 15,100 | 15,125 | 515 |
| 15,125 | 15,150 | 513 |
| 15,150 | 15,175 | 510 |
| 15,175 | 15,200 | 508 |
| 15,200 | 15,225 | 505 |
| 15,225 | 15,250 | 503 |
| 15,250 | 15,275 | 500 |
| 15,275 | 15,300 | 498 |
| 15,300 | 15,325 | 495 |
| $15,325 | $15,350 | $493 |
| 15,350 | 15,375 | 490 |
| 15,375 | 15,400 | 488 |
| 15,400 | 15,425 | 485 |
| 15,425 | 15,450 | 483 |
| 15,450 | 15,475 | 480 |
| 15,475 | 15,500 | 478 |
| 15,500 | 15,525 | 475 |
| 15,525 | 15,550 | 473 |
| 15,550 | 15,575 | 470 |
| 15,575 | 15,600 | 468 |
| 15,600 | 15,625 | 465 |
| 15,625 | 15,650 | 463 |
| 15,650 | 15,675 | 460 |
| 15,675 | 15,700 | 458 |
| 15,700 | 15,725 | 455 |
| 15,725 | 15,750 | 453 |
| 15,750 | 15,775 | 450 |
| 15,775 | 15,800 | 448 |
| 15,800 | 15,825 | 445 |
| 15,825 | 15,850 | 443 |
| 15,850 | 15,875 | 440 |
| 15,875 | 15,900 | 438 |
| 15,900 | 15,925 | 435 |
| 15,925 | 15,950 | 433 |
| 15,950 | 15,975 | 430 |
| 15,975 | 16,000 | 428 |
| 16,000 | 16,025 | 425 |
| 16,025 | 16,050 | 423 |
| 16,050 | 16,075 | 420 |
| 16,075 | 16,100 | 418 |
| 16,100 | 16,125 | 415 |
| 16,125 | 16,150 | 413 |
| 16,150 | 16,175 | 410 |
| 16,175 | 16,200 | 408 |
| 16,200 | 16,225 | 405 |
| 16,225 | 16,250 | 403 |
| 16,250 | 16,275 | 400 |
| 16,275 | 16,300 | 398 |
| 16,300 | 16,325 | 395 |
| 16,325 | 16,350 | 393 |
| 16,350 | 16,375 | 390 |
| 16,375 | 16,400 | 388 |
| 16,400 | 16,425 | 385 |
| 16,425 | 16,450 | 383 |
| 16,450 | 16,475 | 380 |
| 16,475 | 16,500 | 378 |
| 16,500 | 16,525 | 375 |
| 16,525 | 16,550 | 373 |
| 16,550 | 16,575 | 370 |
| 16,575 | 16,600 | 368 |
| 16,600 | 16,625 | 365 |
| 16,625 | 16,650 | 363 |
| 16,650 | 16,675 | 360 |
| 16,675 | 16,700 | 358 |
| 16,700 | 16,725 | 355 |
| 16,725 | 16,750 | 353 |
| 16,750 | 16,775 | 350 |
| 16,775 | 16,800 | 348 |
| 16,800 | 16,825 | 345 |
| 16,825 | 16,850 | 343 |
| 16,850 | 16,875 | 340 |
| 16,875 | 16,900 | 338 |
| 16,900 | 16,925 | 335 |
| 16,925 | 16,950 | 333 |
| 16,950 | 16,975 | 330 |
| 16,975 | 17,000 | 328 |
| 17,000 | 17,025 | 325 |
| $17,025 | $17,050 | $323 |
| 17,050 | 17,075 | 320 |
| 17,075 | 17,100 | 318 |
| 17,100 | 17,125 | 315 |
| 17,125 | 17,150 | 313 |
| 17,150 | 17,175 | 310 |
| 17,175 | 17,200 | 308 |
| 17,200 | 17,225 | 305 |
| 17,225 | 17,250 | 303 |
| 17,250 | 17,275 | 300 |
| 17,275 | 17,300 | 298 |
| 17,300 | 17,325 | 295 |
| 17,325 | 17,350 | 293 |
| 17,350 | 17,375 | 290 |
| 17,375 | 17,400 | 288 |
| 17,400 | 17,425 | 285 |
| 17,425 | 17,450 | 283 |
| 17,450 | 17,475 | 280 |
| 17,475 | 17,500 | 278 |
| 17,500 | 17,525 | 275 |
| 17,525 | 17,550 | 273 |
| 17,550 | 17,575 | 270 |
| 17,575 | 17,600 | 268 |
| 17,600 | 17,625 | 265 |
| 17,625 | 17,650 | 263 |
| 17,650 | 17,675 | 260 |
| 17,675 | 17,700 | 258 |
| 17,700 | 17,725 | 255 |
| 17,725 | 17,750 | 253 |
| 17,750 | 17,775 | 250 |
| 17,775 | 17,800 | 248 |
| 17,800 | 17,825 | 245 |
| 17,825 | 17,850 | 243 |
| 17,850 | 17,875 | 240 |
| 17,875 | 17,900 | 238 |
| 17,900 | 17,925 | 235 |
| 17,925 | 17,950 | 233 |
| 17,950 | 17,975 | 230 |
| 17,975 | 18,000 | 228 |
| 18,000 | 18,025 | 225 |
| 18,025 | 18,050 | 223 |
| 18,050 | 18,075 | 220 |
| 18,075 | 18,100 | 218 |
| 18,100 | 18,125 | 215 |
| 18,125 | 18,150 | 213 |
| 18,150 | 18,175 | 210 |
| 18,175 | 18,200 | 208 |
| 18,200 | 18,225 | 205 |
| 18,225 | 18,250 | 203 |
| 18,250 | 18,275 | 200 |
| 18,275 | 18,300 | 198 |
| 18,300 | 18,325 | 195 |
| 18,325 | 18,350 | 193 |
| 18,350 | 18,375 | 190 |
| 18,375 | 18,400 | 188 |
| 18,400 | 18,425 | 185 |
| 18,425 | 18,450 | 183 |
| 18,450 | 18,475 | 180 |
| 18,475 | 18,500 | 178 |
| 18,500 | 18,525 | 175 |
| 18,525 | 18,550 | 173 |
| 18,550 | 18,575 | 170 |
| 18,575 | 18,600 | 168 |
| 18,600 | 18,625 | 165 |
| 18,625 | 18,650 | 163 |
| 18,650 | 18,675 | 160 |
| 18,675 | 18,700 | 158 |
| 18,700 | 18,725 | 155 |
| $18,725 | $18,750 | $153 |
| 18,750 | 18,775 | 150 |
| 18,775 | 18,800 | 148 |
| 18,800 | 18,825 | 145 |
| 18,825 | 18,850 | 143 |
| 18,850 | 18,875 | 140 |
| 18,875 | 18,900 | 138 |
| 18,900 | 18,925 | 135 |
| 18,925 | 18,950 | 133 |
| 18,950 | 18,975 | 130 |
| 18,975 | 19,000 | 128 |
| 19,000 | 19,025 | 125 |
| 19,025 | 19,050 | 123 |
| 19,050 | 19,075 | 120 |
| 19,075 | 19,100 | 118 |
| 19,100 | 19,125 | 115 |
| 19,125 | 19,150 | 113 |
| 19,150 | 19,175 | 110 |
| 19,175 | 19,200 | 108 |
| 19,200 | 19,225 | 105 |
| 19,225 | 19,250 | 103 |
| 19,250 | 19,275 | 100 |
| 19,275 | 19,300 | 98 |
| 19,300 | 19,325 | 95 |
| 19,325 | 19,350 | 93 |
| 19,350 | 19,375 | 90 |
| 19,375 | 19,400 | 88 |
| 19,400 | 19,425 | 85 |
| 19,425 | 19,450 | 83 |
| 19,450 | 19,475 | 80 |
| 19,475 | 19,500 | 78 |
| 19,500 | 19,525 | 75 |
| 19,525 | 19,550 | 73 |
| 19,550 | 19,575 | 70 |
| 19,575 | 19,600 | 68 |
| 19,600 | 19,625 | 65 |
| 19,625 | 19,650 | 63 |
| 19,650 | 19,675 | 60 |
| 19,675 | 19,700 | 58 |
| 19,700 | 19,725 | 55 |
| 19,725 | 19,750 | 53 |
| 19,750 | 19,775 | 50 |
| 19,775 | 19,800 | 48 |
| 19,800 | 19,825 | 45 |
| 19,825 | 19,850 | 43 |
| 19,850 | 19,875 | 40 |
| 19,875 | 19,900 | 38 |
| 19,900 | 19,925 | 35 |
| 19,925 | 19,950 | 33 |
| 19,950 | 19,975 | 30 |
| 19,975 | 20,000 | 28 |
| 20,000 | 20,025 | 25 |
| 20,025 | 20,050 | 23 |
| 20,050 | 20,075 | 20 |
| 20,075 | 20,100 | 18 |
| 20,100 | 20,125 | 15 |
| 20,125 | 20,150 | 13 |
| 20,150 | 20,175 | 10 |
| 20,175 | 20,200 | 8 |
| 20,200 | 20,225 | 5 |
| 20,225 | 20,250 | 3 |
| 20,250 | 20,264 | 1 |

**$20,264 or more**—you cannot take the credit

# What Is Tele-Tax?

**Recorded Tax Information** has about 140 topics of tax information that answer many Federal tax questions. You can hear up to three topics on each call you make.

**Automated Refund Information** is available so you can check the status of your refund.

## To Call Tele-Tax Toll-Free, Use Only the Numbers Listed Below for Your Area

Long-distance charges apply if you call from outside the local dialing area of the numbers listed below. **Do not dial "1-800" when using a local number.** However, when dialing from an area that does not have a local number, be sure to dial "1-800" before calling the toll-free number. A complete list of these topics is on the next page.

# How Do I Use Tele-Tax?

## Recorded Tax Information

Topic numbers are effective January 1, 1991.

Push-button (tone signaling) service is available 24 hours a day, 7 days a week.

Rotary (dial)/push-button (pulse dial) service is available Monday through Friday during regular office hours. (In Hawaii, from 6:30 A.M. to 1:00 P.M.)

Select, by number, the topic you want to hear. For the directory of topics, listen to topic no. 323.

Have paper and pencil handy to take notes.

Call the appropriate phone number listed below.

- If you have a push-button (tone signaling) phone, immediately follow the recorded instructions, or
- If you have a rotary (dial) or push-button (pulse dial) phone, wait for further recorded instructions.

## Automated Refund Information

Be sure to have a copy of your tax return available since you will need to know the first social security number shown on your return, the filing status, and the **exact** amount of your refund.

Then, call the appropriate phone number listed below and follow the recorded instructions.

IRS updates refund information every 7 days. If you call to find out about the status of your refund and do not receive a refund mailing date, please wait 7 days before calling back.

- Push-button (tone signaling) service is available Monday through Friday from 7:00 A.M. to 11:30 P.M. (Hours may vary in your area.)
- Rotary (dial) / push-button (pulse dial) service is available Monday through Friday during regular office hours. (In Hawaii, from 6:30 A.M. to 1:00 P.M.)

**ALABAMA**
1-800-829-4477

**ALASKA**
1-800-829-4477

**ARIZONA**
Phoenix, 252-4909
Elsewhere,
1-800-829-4477

**ARKANSAS**
1-800-829-4477

**CALIFORNIA**
Counties of Amador, Calaveras, Contra Costa, Marin, and San Joaquin,
1-800-829-4032
Los Angeles, 617-3177
Oakland, 839-4245
Elsewhere,
1-800-829-4477

**COLORADO**
Denver, 592-1118
Elsewhere,
1-800-829-4477

**CONNECTICUT**
1-800-829-4477

**DELAWARE**
1-800-829-4477

**DISTRICT of COLUMBIA**
882-1040

**FLORIDA**
1-800-829-4477

**GEORGIA**
Atlanta, 331-6572
Elsewhere,
1-800-829-4477

**HAWAII**
1-800-829-4477

**IDAHO**
1-800-829-4477

**ILLINOIS**
Chicago, 886-9614
In area code 708,
1-312-886-9614
Springfield, 789-0489
Elsewhere,
1-800-829-4477

**INDIANA**
Indianapolis, 631-1010
Elsewhere,
1-800-829-4477

**IOWA**
Des Moines, 284-7454
Elsewhere,
1-800-829-4477

**KANSAS**
1-800-829-4477

**KENTUCKY**
1-800-829-4477

**LOUISIANA**
1-800-829-4477

**MAINE**
1-800-829-4477

**MARYLAND**
Baltimore, 466-1040
Elsewhere,
1-800-829-4477

**MASSACHUSETTS**
Boston, 523-8602
Elsewhere,
1-800-829-4477

**MICHIGAN**
Detroit, 961-4282
Elsewhere,
1-800-829-4477

**MINNESOTA**
St. Paul, 644-7748
Elsewhere,
1-800-829-4477

**MISSISSIPPI**
1-800-829-4477

**MISSOURI**
St. Louis, 241-4700
Elsewhere,
1-800-829-4477

**MONTANA**
1-800-829-4477

**NEBRASKA**
Omaha, 221-3324
Elsewhere,
1-800-829-4477

**NEVADA**
1-800-829-4477

**NEW HAMPSHIRE**
1-800-829-4477

**NEW JERSEY**
1-800-829-4477

**NEW MEXICO**
1-800-829-4477

**NEW YORK**
Bronx, 406-4080
Brooklyn, 858-4461
Buffalo, 856-9320
Manhattan, 406-4080
Queens, 858-4461
Staten Island,
858-4461
Elsewhere,
1-800-829-4477

**NORTH CAROLINA**
1-800-829-4477

**NORTH DAKOTA**
1-800-829-4477

**OHIO**
Cincinnati, 421-0329
Cleveland, 522-3037
Elsewhere,
1-800-829-4477

**OKLAHOMA**
1-800-829-4477

**OREGON**
Portland, 294-5363
Elsewhere,
1-800-829-4477

**PENNSYLVANIA**
Philadelphia, 627-1040
Pittsburgh, 261-1040
Elsewhere,
1-800-829-4477

**PUERTO RICO**
1-800-829-4477

**RHODE ISLAND**
1-800-829-4477

**SOUTH CAROLINA**
1-800-829-4477

**SOUTH DAKOTA**
1-800-829-4477

**TENNESSEE**
Nashville, 242-1541
Elsewhere,
1-800-829-4477

**TEXAS**
Dallas, 767-1792
Houston, 850-8801
Elsewhere,
1-800-829-4477

**UTAH**
1-800-829-4477

**VERMONT**
1-800-829-4477

**VIRGINIA**
Richmond, 783-1569
Elsewhere,
1-800-829-4477

**WASHINGTON**
Seattle, 343-7221
Elsewhere,
1-800-829-4477

**WEST VIRGINIA**
1-800-829-4477

**WISCONSIN**
Milwaukee, 273-8100
Elsewhere,
1-800-829-4477

**WYOMING**
1-800-829-4477

# Tele-Tax Topic Numbers and Subjects

| Topic No. | Subject |
|---|---|
| | **IRS Procedures and Services** |
| 101 | IRS help available—Volunteer tax assistance programs, toll-free telephone, walk-in assistance, and outreach program |
| 102 | Tax assistance for individuals with disabilities and the hearing impaired |
| 103 | Small business tax education—Tax help for small businesses |
| 104 | Problem resolution program—Help for problem situations |
| 105 | Public libraries—Tax information tapes and reproducible tax forms |
| 106 | Examination procedures and how to prepare for an audit |
| 107 | The collection process |
| 108 | Tax fraud—How to report |
| 109 | Types of organizations that qualify for tax-exempt status |
| 110 | Organizations—How to apply for exempt status |
| 111 | Examination appeal rights |
| 112 | Electronic filing |
| 113 | Special enrollment examination to practice before IRS |
| 114 | Power of attorney information |
| 115 | Change of address—How to notify IRS |
| 911 | Hardship assistance applications |
| 999 | Local information |
| | **Filing Requirements, Filing Status, Exemptions** |
| 151 | Who must file? |
| 152 | Which form—1040, 1040A, or 1040EZ? |
| 153 | When, where, and how to file |
| 154 | What is your filing status? |
| 155 | Dependents |
| 156 | Estimated tax |
| 157 | Amended returns |
| 158 | Decedents |
| | **Types of Income** |
| 201 | Wages and salaries |
| 202 | Tips |
| 203 | Interest received |
| 204 | Dividends |
| 205 | Refund of state and local taxes |
| 206 | Alimony received |
| 207 | Business income |
| 208 | Sole proprietorship |
| 209 | Capital gains and losses |
| 210 | Pensions and annuities |
| 211 | Pensions—The general rule and the simplified general rule |
| 212 | Lump-sum distributions |
| 213 | Rental income and expenses |
| 214 | Renting vacation property/Renting to relatives |
| 215 | Royalties |
| 216 | Farming and fishing income |
| 217 | Earnings for clergy |
| 218 | Unemployment compensation |
| 219 | Gambling income and expenses |
| 220 | Bartering income |
| 221 | Scholarships, fellowships, and grants |
| 222 | Nontaxable income |
| 223 | Social security and equivalent railroad retirement benefits |
| 224 | 401(k) plans |
| 225 | Passive activities—Losses/credits |
| 226 | Tax statements from the Railroad Retirement Board |
| | **Adjustments to Income** |
| 251 | Individual retirement arrangements (IRAs) |
| 252 | Alimony paid |
| 253 | Bad debt deduction |
| 254 | Tax shelters |

| Topic No. | Subject |
|---|---|
| | **Itemized Deductions** |
| 301 | Should I itemize? |
| 302 | Medical and dental expenses |
| 303 | Taxes |
| 304 | Moving expenses |
| 305 | Interest expense |
| 306 | Contributions |
| 307 | Casualty losses |
| 308 | Miscellaneous expenses |
| 309 | Business use of home |
| 310 | Business use of car |
| 311 | Business travel expenses |
| 312 | Business entertainment expenses |
| 313 | Educational expenses |
| 314 | Employee business expenses |
| | **Tax Computation** |
| 351 | Tax and credits figured by IRS |
| 352 | Self-employment tax |
| 353 | Five-year averaging for lump-sum distributions |
| 354 | Alternative minimum tax |
| 355 | Gift tax |
| 356 | Estate tax |
| 357 | Standard deduction |
| 358 | Tax on a child's investment income |
| | **Tax Credits** |
| 401 | Child care credit |
| 402 | Earned income credit |
| 403 | Credit for the elderly or the disabled |
| | **General Information** |
| 451 | Substitute tax forms |
| 452 | Highlights of 1990 tax changes |
| 453 | Refunds—How long they should take |
| 454 | Copy of your tax return—How to get one |
| 455 | Forms/Publications—How to order |
| 456 | Tax shelter registration |
| 457 | Extensions for time to file your tax return |
| 458 | Form W-2—What to do if not received |
| 459 | Penalty for underpayment of estimated tax |
| 460 | Recordkeeping |
| 461 | How to choose a tax preparer |
| 462 | Failure to pay child/spousal support and other Federal obligations |
| 463 | Withholding on interest and dividends |
| 464 | Highway use tax |
| 465 | Checklist/Common errors when preparing your tax return |
| 466 | Withholding on pensions and annuities |
| 467 | Foreign currency transactions |
| | **IRS Notices and Letters** |
| 501 | Notices—What to do |
| 502 | Notice of underreported income—CP 2000 |
| 503 | IRS notices and bills/Penalty and interest charges |
| | **Basis of Assets, Depreciation, Sale of Assets** |
| 551 | Sale of your home—General |
| 552 | Sale of your home—How to report gain |
| 553 | Sale of your home—Exclusion of gain, age 55 and over |
| 554 | Basis of assets |
| 555 | Depreciation |
| 556 | Installment sales |

| Topic No. | Subject |
|---|---|
| | **Employer Tax Information** |
| 601 | Social security withholding rates |
| 602 | Form W-2—Where, when and how to file |
| 603 | Form W-4—Employee's Withholding Allowance Certificate |
| 604 | Federal tax deposits—General |
| 605 | Employer identification number—How to apply |
| 606 | Form 942—Employer's Quarterly Tax Return for Household Employees |
| 607 | Form 941—Deposit requirements |
| 608 | Form 941—Employer's Quarterly Federal Tax Return |
| 609 | Form 940—Deposit requirements |
| 610 | Form 940/940-EZ—Employer's Annual Federal Unemployment Tax Return |
| 611 | Targeted jobs credit |
| 612 | Tips—Withholding and reporting |
| | **Magnetic Media Information** |
| 651 | Who must file/originals and corrections |
| 652 | Acceptable media/Locating a third party to prepare your files |
| 653 | Applications, forms, and information |
| 654 | Waivers, extensions, and format deviations |
| 655 | Test files and combined Federal/state filing |
| 656 | Electronic filing of information returns |
| 657 | Information returns bulletin board system |
| | **Tax Information for Aliens and U.S. Citizens Living Abroad** |
| 701 | Resident and nonresident aliens |
| 702 | Dual-status alien |
| 703 | Alien tax clearance |
| 704 | Foreign earned income exclusion—General |
| 705 | Foreign earned income exclusion—Who qualifies? |
| 706 | Foreign earned income exclusion—What qualifies? |
| 707 | Foreign tax credit |
| | **The following topics are in Spanish:** |
| 751 | Who must file? |
| 752 | Which form to use? |
| 753 | What is your filing status? |
| 754 | Earned income credit |
| 755 | Highlights of 1990 tax changes |
| 756 | Forms and publications—How to order |
| 757 | Alien tax clearance |
| 758 | Refunds—How long they should take |
| 759 | IRS help available— Volunteer tax assistance programs, toll-free telephone, walk-in assistance, and outreach program |
| 760 | Social security and equivalent railroad retirement benefits |
| | **Tax Information for Puerto Rico Residents** |
| 851 | Who must file a U.S. income tax return in Puerto Rico |
| 852 | Deductions and credits for Puerto Rico filers |
| 853 | Federal employment taxes in Puerto Rico |
| 854 | Tax assistance for residents of Puerto Rico |

**Topic numbers are effective January 1, 1991.**

## Call IRS With Your Tax Question

If the instructions to the tax forms and our free tax publications have not answered your question, please call us TOLL-FREE. "Toll-Free" is a telephone call for which you pay only local charges.

**CHOOSING THE RIGHT NUMBER:** Use only the number listed below for your area. Use a local city number only if it is not a long distance call for you. **Please do not dial "1-800" when using a local city number.** However, when dialing from an area that does not have a local number, be sure to dial "1-800" before calling the toll-free number.

**BEFORE YOU CALL:** Remember that good communication is a two-way process. IRS representatives care about the quality of the service we provide to you, our customer. You can help us provide accurate, complete answers to your tax questions by having the following information available:

1. The tax form, schedule, or notice to which your question relates;
2. The facts about your particular situation (the answer to the same question often varies from one taxpayer to another because of differences in their age, income, whether they can be claimed as a dependent, etc.);
3. The name of any IRS publication or other source of information that you used to look for the answer.

**BEFORE YOU HANG UP:** If you do not fully understand the answer you receive, or you feel our representative may not fully understand your question, our representative needs to know this. He or she will be happy to take the additional time required to be sure we have answered your question fully and in the manner which is most helpful to you.

By law, you are responsible for paying your fair share of Federal income tax. If we should make an error in answering your question, you are still responsible for the payment of the correct tax. Should this occur, however, you will not be charged any penalty. To make sure that IRS representatives give accurate and courteous answers, a second IRS representative sometimes listens in on telephone calls. No record is kept of any taxpayer's identity.

**ALABAMA**
1-800-829-1040

**ALASKA**
Anchorage, 561-7484
Elsewhere, 1-800-829-1040

**ARIZONA**
Phoenix, 257-1233
Elsewhere, 1-800-829-1040

**ARKANSAS**
1-800-829-1040

**CALIFORNIA**
Oakland, 839-1040
San Francisco, 839-1040
Elsewhere, 1-800-829-1040

**COLORADO**
Denver, 825-7041
Elsewhere, 1-800-829-1040

**CONNECTICUT**
1-800-829-1040

**DELAWARE**
1-800-829-1040

**DISTRICT of COLUMBIA**
1-800-829-1040

**FLORIDA**
Jacksonville, 354-1760
Elsewhere, 1-800-829-1040

**GEORGIA**
Atlanta, 522-0050
Elsewhere, 1-800-829-1040

**HAWAII**
Oahu, 541-1040
Elsewhere, 1-800-829-1040

**IDAHO**
1-800-829-1040

**ILLINOIS**
Chicago, 435-1040
In area code 708,
1-312-435-1040
Elsewhere, 1-800-829-1040

**INDIANA**
Indianapolis, 226-5477
Elsewhere, 1-800-829-1040

**IOWA**
Des Moines, 283-0523
Elsewhere, 1-800-829-1040

**KANSAS**
1-800-829-1040

**KENTUCKY**
1-800-829-1040

**LOUISIANA**
1-800-829-1040

**MAINE**
1-800-829-1040

**MARYLAND**
Baltimore, 962-2590
Elsewhere, 1-800-829-1040

**MASSACHUSETTS**
Boston, 523-1040
Elsewhere, 1-800-829-1040

**MICHIGAN**
Detroit, 237-0800
Elsewhere, 1-800-829-1040

**MINNESOTA**
Minneapolis, 644-7515
St. Paul, 644-7515
Elsewhere, 1-800-829-1040

**MISSISSIPPI**
1-800-829-1040

**MISSOURI**
St. Louis, 342-1040
Elsewhere, 1-800-829-1040

**MONTANA**
1-800-829-1040

**NEBRASKA**
Omaha, 422-1500
Elsewhere, 1-800-829-1040

**NEVADA**
1-800-829-1040

**NEW HAMPSHIRE**
1-800-829-1040

**NEW JERSEY**
1-800-829-1040

**NEW MEXICO**
1-800-829-1040

**NEW YORK**
Bronx, 732-0100
Brooklyn, 596-3770
Buffalo, 855-3955
Manhattan, 732-0100
Nassau, 222-1131
Queens, 596-3770
Staten Island, 596-3770
Suffolk, 724-5000
Elsewhere, 1-800-829-1040

**NORTH CAROLINA**
1-800-829-1040

**NORTH DAKOTA**
1-800-829-1040

**OHIO**
Cincinnati, 621-6281
Cleveland, 522-3000
Elsewhere, 1-800-829-1040

**OKLAHOMA**
1-800-829-1040

**OREGON**
Portland, 221-3960
Elsewhere, 1-800-829-1040

**PENNSYLVANIA**
Philadelphia, 574-9900
Pittsburgh, 281-0112
Elsewhere, 1-800-829-1040

**PUERTO RICO**
San Juan Metro Area,
766-5040
Isla, 766-5549

**RHODE ISLAND**
1-800-829-1040

**SOUTH CAROLINA**
1-800-829-1040

**SOUTH DAKOTA**
1-800-829-1040

**TENNESSEE**
Nashville, 259-4601
Elsewhere, 1-800-829-1040

**TEXAS**
Dallas, 742-2440
Houston, 965-0440
Elsewhere, 1-800-829-1040

**UTAH**
1-800-829-1040

**VERMONT**
1-800-829-1040

**VIRGINIA**
Richmond, 649-2361
Elsewhere, 1-800-829-1040

**WASHINGTON**
Seattle, 442-1040
Elsewhere, 1-800-829-1040

**WEST VIRGINIA**
1-800-829-1040

**WISCONSIN**
Milwaukee, 271-3780
Elsewhere, 1-800-829-1040

**WYOMING**
1-800-829-1040

**Telephone Assistance Services for Hearing Impaired Taxpayers Who Have Access to TDD Equipment.**

Hours of Operation

8:00 A.M. to 6:45 P.M. EST (Jan. 1–April 15)

8:00 A.M. to 4:30 P.M. EST (April 16–Dec. 31)

All locations in U.S., including Alaska, Hawaii, Virgin Islands, and Puerto Rico, 1-800-829-4059

## Need Additional Forms or Publications?

If you do not have any tax questions and you only need tax forms and publications, you can—

- Visit your local IRS office.
- Visit a participating bank or post office for Forms 1040, 1040A, 1040EZ, Schedules A&B, Schedules 1&2, and their related instructions.
- Visit a participating library, which stocks a wider variety of forms and publications.
- Use the handy order blank on the next to the last page of the instructions. You should receive the items you order within 2 weeks from the time you mail your request.
- Call our toll-free "Forms Only" number 1-800-TAX-FORM (1-800-829-3676). The hours of operation during the filing season are **8:00 A.M. to 5:00 P.M. (weekdays)** and **9:00 A.M. to 3:00 P.M. (Saturdays).** For callers in Alaska and Hawaii, the hours are Pacific Standard Time. For callers in Puerto Rico, the hours are Eastern Standard Time. You should receive your order within 7 to 10 work days after you call.

## How To Get Forms

Generally, we mail forms and schedules directly to you based on what seems to be right for you. Schedules and forms you may need are listed below. Also see the list of related publications.

**You can order the following items from IRS or get them at many participating banks, post offices, or libraries:**

**Form 1040**
Instructions for Form 1040 and Schedules

**Schedule A** for itemized deductions

**Schedule B** for interest income if more than $400; for dividends and other distributions on stock if more than $400; and for answering the Foreign Accounts or Foreign Trusts questions

**Form 1040A**
Instructions for Form 1040A and Schedules

**Schedule 1** for Form 1040A filers to report interest and dividend income

**Schedule 2** for Form 1040A filers to report child and dependent care expenses

**Form 1040EZ**
Instructions for Form 1040EZ

**You can photocopy the following items (as well as those listed above) at many participating libraries or order them from IRS:**

**Schedule 3,** Credit for the Elderly or the Disabled for Form 1040A Filers

**Schedule C,** Profit or Loss From Business

**Schedule D,** Capital Gains and Losses

**Schedule E,** Supplemental Income and Loss

**Schedule F,** Farm Income and Expenses

**Schedule R,** Credit for the Elderly or the Disabled

**Schedule SE,** Social Security Self-Employment Tax

**Form 1040-ES,** Estimated Tax for Individuals

**Form 1040X,** Amended U.S. Individual Income Tax Return

**Form 2106,** Employee Business Expenses

**Form 2119,** Sale of Your Home

**Form 2210,** Underpayment of Estimated Tax by Individuals and Fiduciaries

**Form 2441,** Child and Dependent Care Expenses

**Form 3468,** Investment Credit

**Form 3903,** Moving Expenses

**Form 4562,** Depreciation and Amortization

**Form 4868,** Application for Automatic Extension of Time To File U.S. Individual Income Tax Return

**Form 8283,** Noncash Charitable Contributions

**Form 8332,** Release of Claim to Exemption for Child of Divorced or Separated Parents

**Form 8582,** Passive Activity Loss Limitations

**Form 8606,** Nondeductible IRA Contributions, IRA Basis, and Nontaxable IRA Distributions

**Form 8615,** Tax for Children Under Age 14 Who Have Investment Income of More Than $1,000

**Form 8822,** Change of Address

## How To Get Publications

**The following publications can be ordered from IRS, or you can read or photocopy them at many participating libraries:**

**1** Your Rights as a Taxpayer

**17** Your Federal Income Tax

**334** Tax Guide for Small Business

**463** Travel, Entertainment, and Gift Expenses

**501** Exemptions, Standard Deduction, and Filing Information

**502** Medical and Dental Expenses

**504** Tax Information for Divorced or Separated Individuals

**505** Tax Withholding and Estimated Tax

**508** Educational Expenses

**521** Moving Expenses

**523** Tax Information on Selling Your Home

**524** Credit for the Elderly or the Disabled

**525** Taxable and Nontaxable Income

**527** Residential Rental Property (Including Rental of Vacation Houses)

**529** Miscellaneous Deductions

**545** Interest Expense

**553** Highlights of 1990 Tax Changes

**554** Tax Information for Older Americans

**590** Individual Retirement Arrangements

**910** Guide to Free Tax Services (includes a list of publications)

**917** Business Use of a Car

**929** Tax Rules for Children and Dependents

**Other publications and forms referred to in the instructions are also available without cost from the "Forms Distribution Center" for your state. See Publication 910 for a complete list of available publications.**

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